

COMMERCE

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Magazine

Is The "Big City" Dying?

Small Business Tax Woes

Organization Headaches

Hiring June Graduates

Our Stake In S. E. Asia

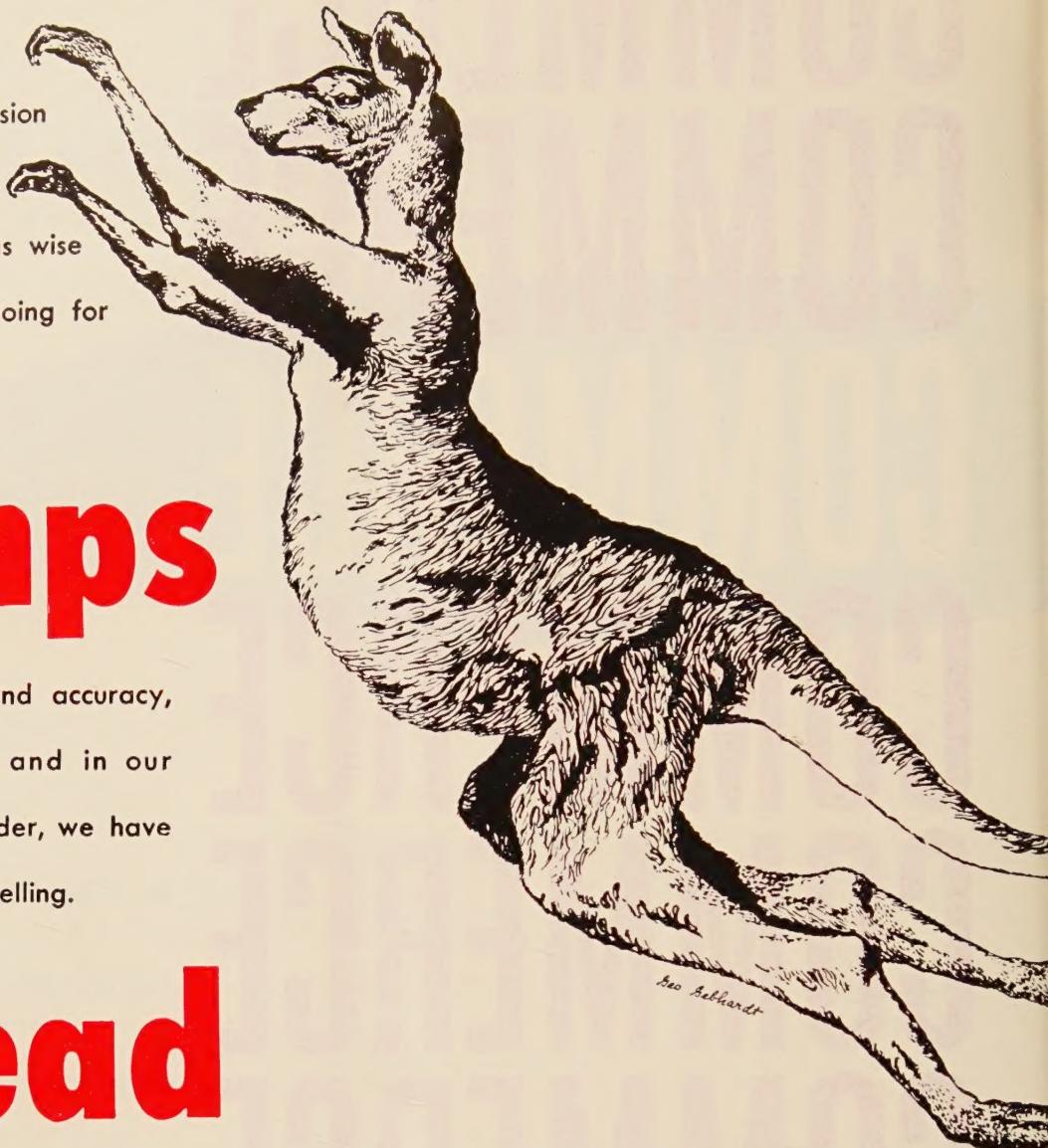
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3

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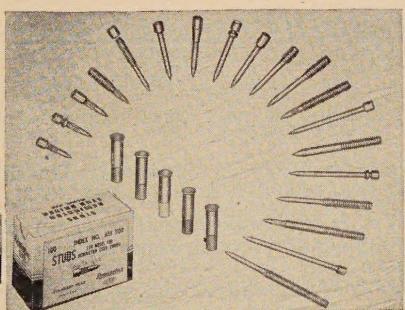
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statistics of . . .

Chicago Business

	April, 1952	March, 1952	April, 1951
Building permits	861	1,391	700
Cost	\$ 17,784,100	\$ 15,904,000	\$ 13,234,400
Contracts awarded on building projects,			
Cook Co.	1,748	1,601	1,720
Cost	\$ 51,816,000	\$ 44,191,000	\$ 65,150,000
Real estate transfers	6,679	6,121	6,240
Consideration	\$ 5,299,516	\$ 5,708,605	\$ 5,183,820
Department store sales index	93.0*	86.0	95.0
(Federal Reserve Board)			
(Daily average 1947-49 = 100)			
Bank clearings	\$ 3,674,856,715	\$ 3,689,422,327	\$ 3,751,120,937
Bank debits to individual accounts:			
7th Federal Reserve District	\$ 19,871,995,000	\$ 21,376,849,000	\$ 19,039,015,000
Chicago only	\$ 9,971,418,000	\$ 11,291,509,000	\$ 9,684,709,000
(Federal Reserve Board)			
Railway express shipments, Chicago area	1,037,074	1,076,909	906,700
Air express shipments, Chicago area	57,036	58,342	56,160
L.C.L. merchandise cars	19,421	18,407	19,950
Electric power production, kwh	1,190,202,000	1,275,063,000	1,148,196,000
Industrial gas sales, therms	11,606,355	13,749,376	13,002,111
Revenue passengers carried by Chicago Transit Authority lines:			
Surface division	45,647,186	45,983,350	50,321,680
Rapid transit division	13,123,466	13,327,912	12,413,470
Postal receipts	\$ 10,582,218	\$ 10,769,714	\$ 8,998,890
Air passengers:			
Arrivals	220,349	191,643	181,780
Departures	224,715	199,966	185,150
Consumers' Price Index (1935-39 = 100)	193.1	192.7	189.0
Receipts of salable livestock	422,129	416,461	344,011
Families on relief rolls:			
Cook County	20,419	20,718	24,160
Other Illinois counties	13,698	14,506	16,790

*Preliminary figure.

July, 1952, Tax Calendar

Date Due	Tax	Returnable to
1	Renew city business licenses which expired June 30, 1952	City Collector
1	Illinois Domestic and Foreign Corporation Franchise Tax due for year July 1, 1952 to June 30, 1953	Secretary of State
15	If total O.A.B. taxes (employer and employee) plus income tax withheld in previous month exceeds \$100, pay amount to Or remittance may be made at end of month with quarterly return directly to	Authorized Depository Collector of Internal Revenue
15	Illinois Retailers' Occupation Tax return and payment for month of June	Director of Revenue
15	Quarterly payment of estates tax	Collector of Internal Revenue
31	Third quarterly installment on 1951 Federal Unemployment Compensation Tax	Collector of Internal Revenue
31	Illinois Unemployment Compensation contribution and wage report, and payment for second quarter of 1952 (UC-3 and UC-40)	Director, Department of Labor
31	Federal Excise Tax return and payment due for June, 1952	Collector of Internal Revenue
31	Quarterly return and payment (by depositary receipts or cash) of income and O.A.B. taxes withheld by employers for second quarter of 1952 (Form 941). Domestic Help (Form 942)	Collector of Internal Revenue

COMMERCE

Magazine

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an Sturdy, Editor • Gordon Rice, Advertising Manager • Lewis A. Riley, Associate Editor

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in this

issue...

The American Management Association recently completed an intensive, two-year study of company organization. The director of that research undertaking, Prof. Ernest Dale, reports this month (p. 12) what hundreds of executives believe to be the most serious organization problems today. Among the major complaints: committee management, competition for authority between line and staff officers, the submergence of personality, and lack of effective executive control. Prof. Dale's observations should make fascinating, and not infrequently amusing, reading for every businessman.

• • •

A good many Americans have been led to believe that the hue and cry over high corporate taxes is chiefly big business propaganda. But not the Senate small business committee which has been listening to small businessmen across the country explain how high taxes are threatening them with bankruptcy. Washington Correspondent Jack Robins reports (p. 15) on these significant hearings and their possible effect on future tax legislation.

• • •

Howard F. Van Zandt, author of "Our Stake in Southeast Asia" (p. 18), first visited the Far East in 1923 and has since spent many years studying the history, commerce and culture of that area at first hand. Mr. Van Zandt returned last year from a long tour of government duty in Japan and today is assistant sales manager of the Kellogg Switchboard and Supply Company of Chicago.

• • •

Joseph E. King, one of the nation's largest publishers of occupational aptitude tests, gives businessmen some valuable advice (p. 21) on hiring youngsters who have no job records. Mr. S. W. Toole, an executive of The Prudential Insurance Co. of America, offers a potent counter-argument (p. 20) to those who say that big cities are dying. K. C. Winchester reports (p. 16) on a popular new businessmen's hobby — weekend painting — which picks up more and more devotees every year.

CHICAGO—

Transportation Hub of the World

Chicago is often called the Transportation Hub of the World. There center here and radiate from here more rail, highway and air routes than from any other city. In water routes, Chicago ranks highest among inland cities. This pre-eminence in transportation, perhaps more than any other single factor, has made Chicago the center of commerce and industry that it is today.

However, the mechanical facilities of transportation are not enough. To attract and hold business in Chicago, there must also exist an equitable rate structure which will permit Chicago firms to compete successfully with firms in other cities of the nation. The rate structure which gives business in Chicago a fair competitive opportunity is vigorously guarded by the Chicago Association of Commerce and Industry.

Cross Section of Business

Representing a cross section of business, large and small, including both shippers and carriers, the Association has been Chicago's strong and informed voice in transportation matters — seeking fair and equitable rates before the Interstate Commerce Commission, State Public Service Commission and the carriers committees.

In addition to maintaining the city's competitive rate position, the Association has brought about many improvements in freight, passenger, express, parcel post and mail services. It originated an efficient

police protective service for trucks operating out of Chicago. It founded and operated the "Way to Ship" service, which opens to Chicagoans the most efficient "less-than-carload" delivery facilities in the country.

The Association has been a leader in the development of Chicago's harbors and waterways, in improving local airport facilities and in promoting new aerial routes to and from Chicago. It has worked closely with state and local officials in developing Chicago's arterial highways. It has not overlooked local transportation and has, following an extensive study, given the city recommendations on parking which have been approved by the City Council.

Membership Is Valuable

These accomplishments have been made possible only by the dues and active support of thousands of Chicago business establishments.

Whether you carry goods or ship them, a membership in the Association will be valuable to you. Moreover, a membership will aid all Chicago business by continuing for our city the finest transportation facilities in the world.

Telephone or write to Association headquarters today and ask how you may join its vital work on behalf of Chicago and Chicago business. Dues paid for Association membership are deductible as a business expense, for income tax purposes.

THE CHICAGO ASSOCIATION OF COMMERCE AND INDUSTRY

One North LaSalle Street

Franklin 2-7700

The Editor's Page

Our Anesthetized Taxpayers

Various schemes are being tried these days to impress on wage earners and salaried employes the size of the tax bite withheld from their paychecks. One company, for example, enclosed stage money in envelopes in an amount equal to the income taxes withheld. Another company handed out gross earnings in cash at one window, then took back at subsequent windows the amount needed for withholding taxes and other payroll deductions.

While the purpose of such schemes is laudable, it is very unlikely that they carry the punch they are designed to have. The average person soon becomes accustomed to figuring his net, take-home pay as his actual income, and if it isn't enough to meet his needs he demands a raise. That the government keeps off a large chunk of his gross pay is more or less academic, so long as he really never gets his hands on the money — except perhaps for a fleeting moment between windows.

It is unfortunate that Americans have become accustomed to paying their taxes while being more or less anesthetized by the withholding idea. There are those who contend that the only way to make people appreciate their tremendous tax burden is to return to the former method of payment. Thereby each taxpayer would be required to accumulate enough to pay his taxes periodically in cold cash. There are arguments against this system, of course. That is why withholding was adopted. But one thing can be said for the old method. It made income taxes very personal and real to millions of people. If it were in use today we might have much greater pressure for economy in government.

Kill Double Liability

Illinois voters at the general election in November will be given an opportunity to remove a handicap under which the Illinois state banking system has been laboring for 15 years. The specific proposal is to remove the double liability of stockholders in state banks. Maintenance of the double liability provision in Illinois has discouraged investment of additional capital in existing state banks, mitigated against the formation of new banks under state charter and tended to encourage the conversion of state banks into national banks.

Double liability was removed from national banks in 1937. Since then all states save Illinois, Minnesota and Arizona have abolished this burden on shareholders in their state banking institutions. It is high time that the Illinois banking system be relieved of this archaic provision so that the state may

enjoy the advantages inherent in a dual banking system. So far as depositors are concerned, adequate protection is provided through federal insurance of deposits of \$10,000 or less.

Thorns In the Suburban Rose Bed

If you've got the suburban bug and are thinking of moving your company into a tree-shaded building surrounded by green grass and flower beds, first have a look at what Mr. S. W. Toole has to say on the idyllic life of the suburban-based company. Mr. Toole, an executive of Prudential Insurance Company of America, finds some thorns in the suburban rose bed which he itemizes in his article "Don't Sell the Big City Short!" beginning on page 20. The big factor is cost and, warns Insurance Man Toole, don't be fooled into thinking that suburban operations are inexpensive.

First, of course, you will probably be erecting a picturesque building of your own. It will be expensive for the simple reason that the building tradesmen are in the city with plenty of work and they are not going into the suburbs except for premium wages. Then you'll want a big plot of ground for parking and flower beds and such. But that rules out property close to the railroad station and chances are you'll have to set up some form of shuttle service for your employees.

Oh yes, your employes. Don't forget that many of them will have to move, buy new homes, rent new apartments, and the employer can figure on footing a good deal of the moving bill and the legal fees and the real estate commissions. Then you'll have to find building maintenance workers and that means more premium wages. And some company people — perhaps the president and the sales organization — are likely to stay in the city, and that means added telephone, transportation and mail expenses.

"Adding it all up," says Mr. Toole, "you have increased costs — initially and continuously . . . something the average businessman would not want to jump into, particularly when there are stockholders to please." And this is also a very good reason why, in a period when the "suburban trend" has been getting more than its share of notoriety, it is wise not to sell the big city short. They are indeed a long way from becoming ghost towns.

Alan Sturley



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Here...There...
and Everywhere

• **Profound Effects**—General Electric's vice president and director of research, Dr. C. G. Suits, declares that the pioneering work of that company in weather modification will eventually have a profound effect on all of us, but he gives no hint as to the nature of that effect. On June 30, Project Cirrus, joint weather research program of the Signal Corps and Office of Naval Research in consultation with the G-E Research Laboratory, was terminated after five years. The most familiar experiment carried out by the project was cloud seeding to produce rainfall.

• **Steel Seizure and Rent Control**—The steel industry seizure by President Truman represents a spectacular infringement of private property rights, "yet it is hard to see why this autocratic action should be regarded any more critically than the rent control program under which about 9,000,000 small private properties have been, in effect, seized," said Norman Strunk, executive vice president of the United States Savings and Loan League in a speech before the Kentucky Building, Savings and Loan League.

• **State Taxes**—While the huge increases in federal spending and taxes have been in the spotlight, state governments are doing quite well taxwise. Collections by states from gasoline, motor vehicle, sales and use, income, and tobacco taxes, totaled \$6,668,000,000 in 1951, or 65 per cent of all state taxes, according to Commerce Clearing House of Chicago. Five years ago these five tax sources produced \$3,389,000,000, and represented 56 per cent of total state tax collections.

• **Room Air Conditioners**—In cooperation with 11 manufacturers of room air conditioners, Common-

wealth Edison Company has opened a Room Air Conditioning Show in its Electric Shop on the ground floor of the Edison Building, Chicago. In addition to the various booths and displays of the various makes and types of equipment, the show will include displays on weather forecasting, recording and communications devices, and there will be entertainment features to attract both adults and children.

• **Snoop-Proof Safe**—Bothered by people who look over your shoulder as you twist the combination on your safe? Mosler Safe Company has a new "counter-spy" dial with numbers on the edge of the dial to thwart safe snoopers. Mosler also has developed a rotary driver's depository to protect cash collected by driver-salesmen. The driver places his collections in a rotary hopper and it then drops into a burglary-resistant money chest.

• **Car Rentals**—Passenger car rentals by the Hertz Driv-Ur-Self System, Inc., were up almost 30 per cent in the first quarter of this year over the like 1951 quarter, and truck rentals were up 13.1 per cent. Walter L. Jacobs, company president, expects sales to continue at a high level because of the rail-auto and plane-auto travel plans, growing use of credit and courtesy cards, and increased selling and advertising.

• **Harmful Noise**—Researchers in the effects of noise on human beings are developing precise information. Dr. Howard C. Hardy, acoustics expert at the Armour Research Foundation of the Illinois Institute of Technology, reports that frequency level is a big factor in determining the damage from noise. Less damage is done to the human ear by constant, loud, low-frequency noises than by less intense but

riller noises, he says. The 4,000 cycles per second frequency zone is the most dangerous.

Fewer Accidents — The safety training program sponsored by the gypsum Association for the last nine years has reduced accidents in gypsum producing plants by more than 50 per cent. Last year the st time injury frequency rate was an all-time low of 12.88 per million man-hours worked. The industry's safety program features free motion pictures shown to employees.

Light Beam Guides—Republic Aviation Corporation figures it has cut tooling costs on big jobs by 30 per cent through the use of light beams to align fixtures which must be positioned within tolerances of a thousandth of an inch. The setting up of jigs and fixtures for assembling such parts as wings and fuselages is one of the major costs in aircraft production. In the past, workmen have had to align them by plumb lines and surveyor's levels. The optical equipment was developed in England, and was refined by Republic engineers.

Salesmen Welcomed — Pure Oil company's purchasing department has prepared a handy booklet for the guidance of salesmen who call on the company. The booklet tells what the company buys, names the buyers for various materials and equipment, and provides other helpful information. "We want to talk to you," the booklet declares. "We expect you to tell us about your products or services. We depend on you to bring us news about recent developments that will enable us to produce more for less."

Good News on Taxes — Under current federal tax rates, a married couple with \$400,000 taxable income can now contribute \$60,000 to a recognized charity at a net cost to them of only \$5,400. Small fry with a \$20,000 income can make a \$3,000 gift at a net cost of \$1,868. Under certain circumstances, a person or even a corporation can make charitable contributions of securities or real estate on which they have a profit, and actually be dollars in pocket ahead. F. E. Seidenan, CPA, explains how in the

Commerce Clearing House magazine "Taxes."

• Long Distance Commuting —

People in the Far West are accustomed to traveling long distances, so the Santa Fe Railway probably wasn't fooling when it described its new train service between San Diego and Los Angeles as "commuter" service. The Santa Fe is using self-propelled diesel cars developed by the Budd Company. A two-car train will make two non-stop round trips daily, on a schedule

of two hours and 15 minutes each way. Two other runs will be made on two hour and 45 minute schedules that permit local stops. Seats will be reserved on the non-stop runs, with an extra fare of 50 cents each way.

- **Dependent Oldsters** — Less than half of the 12,000,000 Americans over 65 are self-supporting, according to Dr. Charles E. Dutches, vice president of Schenley Laboratories, Inc. Dr. Dutches is in favor of let-

(Continued on page 28)

**There's been
some changes made—**

A black and white illustration showing two cars. On the left is a 1904 open-top car, and on the right is a 1952 sedan. A dashed line connects the two cars, with the year '1904' written below the first car and '1952' written above the second car.

**IN AUTOMOBILES...
AND IN PEST CONTROL**

Forty-eight years ago when W. B. McCloud and Company started in business this 1904 car was popular, insecticides were strong, killing powders such as pyrethrum, sodium fluorides, etc., which had no residual, or lasting value. When insect control was desired, the powders were spread near the suspected infestation, however, because these powders were unsightly and open to the view of employees and, in some cases, customers, too, they would be swept up in a day or two and the insects would run rampant again.

With rodents, because of the deadliness of arsenic, strichnine and the other rodenticides,

cides, wide distribution of these powerful killers was very seldom achieved and rodent control was spotty. Many companies found pest control was a problem which no longer could be left up to handy man, janitor, etc.

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Trends . . . in Finance and Business



• **Japan Sets 1956 Goals** — A five-year industrial expansion plan was launched in Japan last January and, if successful, it will bring our Far Eastern ally to a record level of prosperity. *Commerce Japan*, published by the Japan Chamber of Commerce and Industry, recently itemized the goals of the big five-year development program. By the final year, 1956, Japan's industrial production index is expected to reach 192 compared with 133 this year, the index being based on the 1932-1936 period as 100.

Japanese power demand in the final year of the plan is expected to reach 45.5 billion k.w.h., compared with 40 billion this year, and coal requirements are expected to be 57.5 million tons compared with 48 million tons this year. The plan is designed to increase Japan's living standards by 11 per cent and her national income by 21 per cent. Japan also hopes to increase her favorable foreign trade balance from the current level of \$2 billion in exports and \$1.74 billion in imports. The 1956 goal is \$2.9 billion in exports and \$2.7 billion in imports.

As for raw materials, Japan hopes by 1956 to be producing 60,000 tons of copper ore, 100,000 tons of iron ore, 20,000 tons of lead ore and 115,000 tons of zinc ore. Pig iron production is expected to reach 5.3 million tons and steel ingot production, eight million tons.

• **\$20 Billion Milestone** — Assets of the nation's savings and loan associations have now reached the \$20 billion mark, which represents a three-fold growth since 1940, when total assets were about \$6 billion. The United States Savings and Loan League further reports a \$750 mil-

lion increase in savings placed in associations during the first quarter of 1952, also a record for a three-month period.

The league adds that the number of people placing their savings in associations is growing at the rate of about one million annually, and has now reached nearly 12 million. Also a higher percentage of home financing is now being done by savings associations than at any previous time. The savings institutions, according to the league, will do more than 35 per cent of all home lending this year.

• **Facts For Stockholders** — Financial statements in corporate reports have become increasingly informative over the last half century and, if present trends are encouraged, they will become even more useful. So declares Stewart Y. McMullen, professor of accounting at Northwestern University, who predicts that the financial statement of the future will have these characteristics:

All companies will publish a balance sheet, an income statement, and an analysis of retained earnings. These statements will reveal information on gross revenues, methods used in valuing marketable securities, the basis of valuation employed in connection with fixed assets, and the par or stated value of outstanding stock. Although companies will not indicate how they compute depreciation, they will reveal the total depreciation charged each year.

Companies will report whether they use "cost" or "lower of cost or market" inventory calculations, though they will not necessarily state whether they use FIFI, LIFO,

average cost. Except for leases and licenses, intangible assets of all types will be shown at nominal value. The word "reserve" will not be used, and the reserve section will rarely appear on published balance sheets, which instead will contain an "allowance" for doubtful accounts and "accumulation" depreciation.

Finally, Professor McMullen predicts, retained earnings appropriations for inventories and contingencies will rarely if ever appear, and if they do, they will be in the stockholders' equity. However, self-insurance credits will be established by three companies in 10 and they will classify them throughout the balance sheet.

Safe Workers — Illinois is a safer place in which to work than are most other states. This is the gist of a study of worker injuries by the Illinois Department of Labor, which points out that for every million employee-hours worked in statewide manufacturing industries in 1950 there were 12.1 disabling injuries resulting in at least one day's lost time. The corresponding rate for the United States was 14.7 disabling injuries. Thus the Illinois rate was substantial 20 per cent below the national rate.

A lower injury rate for Illinois than for the nation was shown in 2 of 19 manufacturing groups. The best rates were in lumber and wood products, food, instruments, apparel and textiles. There was a darker side to the state picture, however, in the fact that injuries were more common in stone, clay, glass, transportation equipment, chemicals, rubber and petroleum and coal products industries in Illinois than in the nation as a whole.

Insurance Drop — Premium payments to U. S. life insurance companies for life insurance and annuities are expected to reach \$8.5 billion this year, the Institute of Life Insurance reports. The 1951 total was \$7.9 billion and the 1940 figure was \$3.9 billion. While the 1952 premiums will probably be some \$3 billion more than in the last year of World War II, they will represent about the same share of national income as in 1945, when

(Continued on page 47)

Organizing a Successful Employee Benefit Program

An employee benefit program, developed and launched in an atmosphere of confidence, mutual trust and understanding, generally becomes a successful program. Experience developed through the installations of programs for a great variety of businesses, large and small, involving all sorts of labor situations, enables our group insurance staff to give invaluable assistance in successfully installing new programs and in improving present programs. Your inquiry is invited.

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What's wrong with company organization?

by ERNEST DALE

What are the main gripes of America's top executives?

They include the "committee fetish" and line v. staff squabbles

COMPANY organization is a subject which needs to be treated in a down-to-earth fashion. There is a pointed story to make this clear:

Once the king of the cockroaches visited the king of the grasshoppers and complained bitterly about the unpopularity of his people. Frankly, he had come for advice to find out how to make cockroaches more popular. The king of the grasshoppers promised to take the matter under advisement. Some weeks later the two kings met again. The king of the grasshoppers announced his solution: "All you cockroaches can easily become popular by becoming grasshoppers." The king of the cockroaches thought this was very good advice, but he scratched his head and asked, "But how can we cockroaches become grasshoppers?"

Angrily, the grasshopper king replied, "What a silly question. I make policy, I think up the ideas. It's up to my subordinates to put them into practice."

When we speak of organization, there is too much generalization based on personal opinions, off-the-cuff observations and hunches. Many executives speak about organizational problems in terms of what

Ewing Galloway

At Ford's mighty River Rouge mills, organizational patterns have been radically revised in recent years

For two years an American Management Association research team has been talking to top management men on the fascinating subject of company organization as it exists today. What do these top men dislike about organizational practices? Do they actually follow their own progressive theories or merely talk about them at the luncheon club? How can organization be improved for greater efficiency and effectiveness? These and other pertinent questions are answered in the following review of AMA's timely study of business organization.

they believe they ought to do rather than in terms of what they are doing.

For this reason we tried to emphasize realities in AMA's two-year study of company organization. We visited some 40 companies, analyzed over 100 organizations, and talked to and corresponded with several hundred outstanding thinkers and practitioners on organization.

The author is assistant professor of industrial relations at the Columbia University Graduate School of Business, as well as a research associate of the American Management Association. He recently completed a two-year study on organization, one of a number of research studies he has made for AMA.

While the 250-page report cannot be summarized adequately in a brief article, here—on the basis of our findings—are management's seven major complaints against prevalent organization ideas and practice. They do not necessarily exist in your company, but you may find this summary useful as a check against your own practices.

The first major dissatisfaction with organization thinking is the neglect of personality.

Many organization authorities deny that personality should be taken into account in what they believe is essentially an impersonal piece of engineering. It would be a grave error not to pay close attention to the engineering aspects of organization and its principles. But it would be an equally grave error to imagine that a single type of organization is the solution to every business problem. Organizations are no more than frameworks into which living people must be fitted. They are not, as executives interviewed complained, straitjackets, precluding all flexibility, initiative and spontaneity.

The one-man organization which fitted Henry Ford, Sr. does not fit his grandson. The former built up the business from scratch. He was proud of the fact that his corporation had "no organization, no spe-

cific duties attached to any position, no line of succession or of authority, very few titles and no conferences." He made many personal decisions and for a long time delegated relatively little.

With Henry Ford II there came a complete change in the organizational structure. His own knowledge of the business could not equal that of his grandfather to start with. The extent of decision-making and the sum of unsolved problems had increased to such an extent that delegation became imperative. Henry Ford II is an advocate of human engineering and executive participation. He believes in the utilization of highly specialized and able talent, in a more precise formulation of relationships and an extensive delegation of authority. An executive vice president was appointed with great policy-making and administrative powers. A group of top functional specialists headed up large staffs of sales, finance, engineering, personnel, and organization experts. Various manufacturing divisions were set up on a semi-autonomous basis.

Personality Problems

It is obvious that we need to analyze some impacts of personality on organization and how the one modifies the other (or, what is equally important, the reverse). There are a number of characteristics about the chief executive which may have a vital influence on the organizational structure. They include the basic beliefs of the chief executive, his administrative philosophy, his particular training and management experience, his history with the company, the reasons for his election to the presidency, his age, the influence of organizational pressures, in-

formal pressures, and the decision-making type which he represents.

There were widespread complaints by top management about the validity of the theory of the span of control.

The number of subordinates who can be supervised effectively by one man is set by the textbook as between three and six; the higher up you go, the nearer to three it should be. However, the smaller the span of control, the longer the chain of command. There are small companies of 1,000 employes where there are as many as 10 levels of supervision—as many as in AT & T. Thus a man may be the proud manager of the third production sub-district of the Suffolk division of the Eastern Area in the Northern Region of the so-and-so company. Once you get below the district you have departments and sections and then you run out of names and have to call parts of a section "fragments"!

The red tape created by organizational channels can be quite comparable to that of the government. One company plotted the number of persons through which an order went from receipt to shipment—it touched 15,000 people and the chart plotting its meanderings was 30 feet long! There is widespread complaint on the part of top managers that they have inadequate knowledge of what is going on at the lower echelons. They must judge people whom they really do not know and those in lower management have no real opportunity to make themselves heard. Their orders are often misunderstood and imperfectly carried out. As one executive describes his position at the crown of a long chain of command: "I am a lonely wanderer on the

wrong side of a high fence pursuing a program that does not satisfy me."

Industry by and large does not follow the copy book maxims, for our survey found that the average span of control is between eight and 10 executives at the presidential level. Some companies have only one subordinate, some over 300.

There are forces not necessarily operating for the good of the company as a whole which tend to increase the number reporting to the chief executive. Among these is the desire of executives to have access as high up as possible, as a means of advancement and a sign of status. Again, the chief executive himself may lack faith in the ability of his subordinates, fear possible rivals, or feel a desire for power as shown by the number of people reporting to him.

Accessibility of Boss

However, the actual practice of successful company presidents under competitive conditions must be given some weight in assessing the span theory. A good deal also depends on the meaning of the word "supervising." General Eisenhower told me that at one time in World War II he had 150 battalion commanders reporting to him. This he believed, resulted in a clearer understanding up and down the line, an opportunity for personal inspiration, and a chance to voice complaints. Now it would be physically quite difficult even to receive reports from 150 people or, to express it in organizational language, "effectively supervise" so many. What the General had in mind is that accessibility of the chief executive can make important contributions. The number of people he supervised was small, while the number who had access to him was large.

The staff assistant is one of the most useful and yet most misunderstood functions in the organization.

A black and white portrait photograph of Prof. Earnest Dale, a man with dark hair and a mustache, looking directly at the camera with a slight smile.
Prof. Earnest Dale . . . "when we speak of organization, there is too much generalization, and off-the-cuff hunches."

An extremely widespread complaint of top executives concerns the tremendous pressure of affairs on them. They are working eight to 12 hours a day, some staying till midnight in the office, most taking work home and having inadequate vacations. Almost all the time of top executives is spent with other peo-

(Continued on page 24)

TAXES:

*death knell
for small business?*

*One group of Senators now appears convinced that taxes
may kill off many small concerns*

"INVENT a better mousetrap . . .," pontificated Ralph Waldo Emerson a century ago, "and the world will beat a path to your door."

Unfortunately that famous Eighteenth Century truism is passe today. There was a time when an enterprising citizen could gather together some initial capital to manufacture a new and better product, then proceed to build his business by plowing profits back into expansion. Today, a new business assumes no less a risk only to stand still and pay its taxes.

A pessimistic appraisal of the influence of taxes on small business? Not according to the Senate small business committee which has just completed a barnstorming series of eight cross-country hearings listening to typical small businessmen recount their own experiences under a back-breaking tax program.

Witnesses in Minneapolis, Bridgeport, Conn., Newark, N. J., Los Angeles, Birmingham, Chicago, Cleveland, and Dallas, described tax difficulties that were discouragingly similar. Briefly, their story was this: small business must grow or die. But under present corporation taxes, small business has no chance whatever to accumulate working capital for expansion, and often the only alternative to decline and eventual bankruptcy is to sell out to bigger business while prices are high.

John M. Davis, president and treasurer of the LaSalle Construction Company of Chicago, incorporated in 1947, had his story to tell. "To handle the (\$800,000) business we handled in our first year required nearly \$100,000 in working capital," he said. "In 1951 we handled over \$2,000,000 worth of business, and our capital requirements were over \$200,000. To reach our projected volume goal in 1956 of \$8,000,000 we would need at least \$800,000 in working capital."

"Yet if all our profits after taxes, from the day we started until 1956, were accumulated for working capital purposes alone, with no allowance for capital improvements, replace-

(Continued on page 45)



by Jack Robins

Business men behind the brush

**Thousands of men have turned to art
for rest, relaxation and fun**

by K. C. WINCHESTER



Chicago Architect Arne Bodholdt at his sparetime hobby at active Evanston Art Center

WHEN the Riegel Paper Corporation was casting about for an idea for its display at the National Packaging Association convention last year, Advertising Manager Floyd Triggs tossed out a unique suggestion: "Why don't we sponsor an exhibition for amateur painters in the packaging industry?" At first, company executives scratched their heads at his idea. Then, realizing its originality, they warmed up and agreed to order space to hang perhaps 50 or—at the most—75 paintings at the Atlantic City convention.

Word of the exhibit spread quickly through the packaging trade and in a few weeks more than 200 paint-

ings by enthusiastic artist-businessmen poured into Triggs' office!

No one at Riegel had dreamed of flushing so many spare time Rembrandts in the packaging industry. But Riegel promptly expanded its convention space to accommodate all entries and wound up with one of the most spectacular exhibits in the convention's history.

Riegel's brief but successful patronage of spare-time art was one more evidence of the fact that many of America's "Sunday painters" are businessmen who have found painting a richly rewarding hobby and an excellent antidote for weeklong office tensions. Once having experimented with the brush and palette,

How much does the hobby cost?

Even including membership in an art center or professional instruction, painting is an inexpensive hobby. Favor Ruhl and Company, a Chicago artists' supply house, says a complete artist's sketching outfit costs from \$8 to \$22, depending, of course, on the quality of the materials.

A sketching outfit includes oil colors, turpentine, linseed oil, four brushes, four canvas boards, a palette cup and knife, and a book of instructions that puts you on the road to success as a sparetime Rembrandt. Additional 12x16 inch canvases cost 45 cents and the brushes, if properly cared for, last indefinitely.

These businessmen-painters usually become missionaries for the new-found pastime and so the circle of art-time artists grows wider by the month.

Stanley Sotcher, a successful Los Angeles real estate broker, took up painting at 54, after giving up tennis as a concession to middle age. Sotcher tells a story typical of hundreds of other businessmen who have caught the art-hobby fever. Life outside the office, he recalls, had become boresome. He was weary of golf and fishing and, worst of all, looked forward apprehensively to retirement, when, as Sotcher puts it, "I would have to spend all my time doing nothing."

Then one day he noticed a delicate oil painting hanging on the wall of a friend's house and asked its origin.

"I painted it myself," his friend replied. "You should try painting yourself. It's a fascinating hobby."

Soon Sotcher had been talked into visiting Los Angeles' Businessmen's Art Institute, although he insisted that he, himself, couldn't draw a straight line, not to mention dabbling on canvas. Furthermore, he figured that amateur painters would be a trifle eccentric, the way artists are supposed to be. Instead, he found the institute crowded with prosperous-looking business and professional men absorbed in their hobby. During the evening he talked to a store owner, several dentists, a stockbroker, salesmen, a lawyer and

a millionaire manufacturer. All had been drawn to art out of curiosity and had become intrigued after a few lessons. And, they added, the \$100-per-year dues were a trifling price to pay for so much good fun.

Sotcher not only joined the institute, he soon became one of its most active members and finally its president.

A Physician-Painter

Dr. Edward S. Pomeroy, a successful Salt Lake City physician, explains his interest in spare-time art this way: "When worldly cares become too burdensome, I dig up my paint box, hike myself to some secluded spot and splash away to my heart's content." For perhaps the same reason several thousand other



Ronald Webster, a Chicago foundry equipment manufacturer, is another Evanston Art Center member

physicians paint when they are not doctoring. They belong to the American Physicians' Art Association, which brightens up the American Medical Association's otherwise sedate convention with a big exhibit of canvases bearing the signatures of doctors from across the country.

There are those, of course, who scoff at the idea of grown-up men dabbling at picture-making. What manner of man, the skeptic asks, prefers painting to a game of poker or a fishing trip?

Winston Churchill is one, and
(Continued on page 38)

U. P. Special Services Photos



A typical Saturday morning at Evanston Art Center brings together an interior decorator, an art director, a doctor, an architect, and an advertising executive



U. P. Photos

Busy Singapore harbor, turbulent center of commerce in the rich and revolutionary Far East area.

Our Stake in Southeast Asia

This once-peaceful tropic paradise seethes with revolt, while rich in dollars and goods

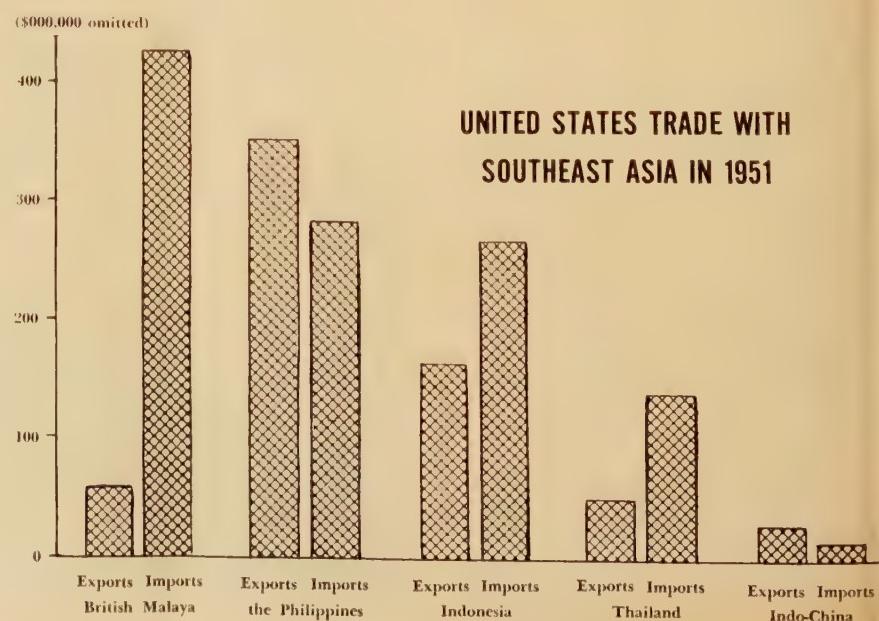
by HOWARD F. VAN ZANDT

SEVERAL years ago an enterprising Hollywood scenarist undertook to bring to movie-going Americans the dramatic story of Vasco de Gama, the Portuguese navigator. In the course of the technicolor movie, an elaborate map came into view, and a moving line traced the navigator's route from Europe around South Africa, across the Indian Ocean and finally to his destination in Calcutta, India. It was competent documentation, except for the fact that Vasco de Gama actually landed at an ancient city called Calicut, roughly a thousand miles from Calcutta. The latter was not founded until nearly two centuries after the great navigator died.

Vasco de Gama's epic-making voyage deserves more accurate attention these days for it marked the opening of trade between the Western world and the densely populated nations of Southeast Asia —

countries which today are more important to the United States than ever before. The Hollywood mix-up

is hardly surprising, however, for Americans generally know very little about the richly-endowed nations



that border the Indian Ocean and the Southwest Pacific. In fact, after the Spanish-American War, our own government was so foggy about the region that it virtually gave away some islands it acquired in the area because it was not quite sure where to look for them!

Europe's interest in Southeast Asia predates America's interest by several centuries. At about the time North America was first being colonized, Europe's major colonizers—Portugal, Spain, England, and the Netherlands—were fighting to build empires in the tropical area. And even after the United States became a world power, we displayed a distinct lack of interest in this strange region almost exactly on the opposite side of the globe.

Today, of course, Southeast Asia has moved into the headlines. The European empires are collapsing and in this area independent nations are rising unsteadily in their place. Ordinarily, the United States would be the first to welcome these new nations. The trouble is they have come into existence at precisely the time when the Communist world is looking for new frontiers to conquer. Southeast Asia, a vast and inviting paradise of natural wealth, is too rich a prize for the Communists to pass up without a struggle.

Vast Raw Materials

It is not hard to understand why lustful eyes have turned on Southeast Asia. Even for Americans accustomed to thinking of their own natural resources in superlatives, the wealth of Southeast Asia is prodigious. No other part of Asia contributes more raw materials to world trade. Besides producing 95 per cent of the world's rubber and 61 per cent of its tin, it yields tremendous quantities of oil, chromium, aluminum, manganese, iron ore, tungsten, nickel and a host of tropical products.

Despite these natural resources, the natives of the area have abysmally low standards of living. Industrial development in most of the area is little beyond the primitive level. One means of measuring the extent of industrialization is telephone development. In the United States, there are 28 telephones per 100 population; in Sweden, 24

phones per 100 people and in the United Kingdom, 11 phones per 100 people. By contrast, Singapore has 1.9 telephones per 100 people; Malaya, .4; North Borneo, .2; the Philippines, .1; India, .06; Indo-China, .04; Thailand, .03 and Burma, .03.

Low Living Standards

There are many explanations for Southeast Asia's low living standards. Practically all ores, except tin and gold, must be exported and smelted in other countries. Except in Indo-China, what little coal there is is too poor for industrial growth. Then there is the periodic overproduction of rubber and other tropi-

cal commodities. The demand for these products fluctuates widely on world markets and the result is feast or famine economic upheavals.

Most tropical soils are infertile. It is unlikely that great areas of Sumatra and Borneo can ever be used for farming, and much of Indo-China and Thailand are relatively unproductive. Java, thanks to a fortunate coincidence of volcanic ash and good terrain, has remarkably fertile soil, but Java with an area smaller than Illinois has a population of 56,000,000.

Southeast Asia is also the wettest part of the globe. In some areas the

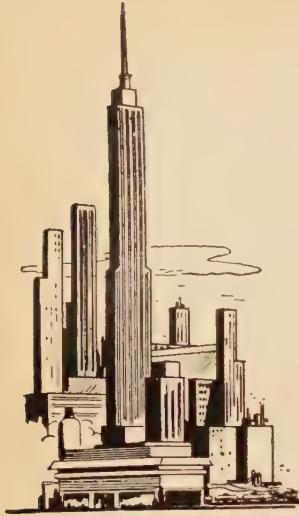
(Continued on page 31)



Indonesia's petroleum resources fuel the Far East — here natives paddle a canoe past an oil refinery in Sumatra.



Out of the jungles the French have hacked out Saigon, capital and chief port of Indo-China, and "The Paris of the East"



Don't sell the "big city" short!

***Many a wise company will NOT join the
"suburban trend"—here's why***

by S. W. TOOLE

THE INDUSTRIAL Revolution, which began with the War between the States, brought people flocking to the cities. In 1790, only five per cent of our population of 4,000,000 lived in the cities; 100 years later the percentage was seven times higher. Housing, already inadequate, was made more so by the influx of millions of immigrants.

Prices and taxes on city real estate went up and up, thus forcing owners to develop every inch of land to the maximum. When the crowding and discomfort became too great and transportation facilities became available, the gradual exodus to the suburbs got under way, often leaving rundown, neglected and blighted areas behind.

Until now the suburbs have consisted primarily of residential areas, manufacturing plants, and enough stores and shops to take care of local needs. And, while the major department stores are well advanced in developing branch stores in outlying areas, the

suburbs of metropolitan areas have not as yet witnessed an influx of general offices from the central city. I do know of a few cases such as the Jewel Tea Company, which moved out of Chicago nearly 20 years ago, and General Foods, which recently decided to move its general offices from New York to White Plains. On the other hand, Lever Brothers, recently moved from a

The author is second vice president of The Prudential Insurance Company of America.

THERE IS no truth in the often repeated statement that downtown areas of our cities will become ghost towns. There is plenty of room for the pendulum to move the other way. There are several reasons why I think it will. For example:

The heavy swing from public to private transportation which has seen the riders on our local Chicago Transit Authority drop from 90 million riders in March 1948 to 59 million riders in March 1952 will be reversed when we come to realize the true cost in subsidy involved in a man driving to work in his own car and when we realize that modernization of mass transit is more than just buying new equipment.

Urban redevelopment has only just started. Within the next twenty years we will see a tremendous revival in the close-in areas where the real benefits of urban living are to be found. It would be economic folly to abandon the millions of dollars in utilities, cultural institutions and basic facilities which are located there.

Once we outgrow the wasteful practice of dividing our metropolitan areas into scores of separate political units, we will adopt a mature set of planning, zoning and living patterns.

— James C. Downs, Jr., president of the Real Estate Research Corporation of Chicago before the National Association of Building Owners and Managers annual convention

suburb of Boston to Park Avenue.

This raises the crucial question of whether the next development will be a movement of general offices from the central city to the periphery. Suppose we look at some of the reasons why this might happen and then at the reasons why it might not happen. Then we can weigh one against the other.

Any attempt to analyze the disadvantages of the central city must start with the automobile and with

traffic congestion — and this congestion isn't confined to the central city itself. It starts out in the suburbs with all the main arteries leading into the city. Our highways and streets are simply not adequate to take care of the 55,000,000 cars, buses and trucks which are on the roads today.

When you get into the city, parking facilities are insufficient. Traffic is congested, and many concerns would no doubt like to get away from this congestion. One company

(Continued on page 41)

Losing Money on Worker Washouts?

Forty per cent of all June graduates will
washout on their first job.—here's where the trouble lies

ABOUT 1½ million young people will graduate from high schools and colleges this month. The great majority will enter the nation's labor market and personnel men will begin the difficult task of selecting the most promising new workers from this vast pool of inexperienced young folks. The selection job will be difficult for the simple reason that, if past experience is any guide, four out of 10 of these youngsters will land in the wrong job or otherwise "washout" in the first year on the job—leaving their employers with a staggering loss in dollars and worthless training.

Some indication of the astonishing bill that industry pays for the unscientific selection of new workers is provided in a study reported upon by the American Management Association. The study, which analyzed the job performance of 1,167 college graduates hired by 247 companies, disclosed that 42 per cent of these young people proved unsatisfactory, or left their jobs, before the end of their first year. And these relatively few companies surveyed lost an estimated \$1,347,500 in these first-job

The author is executive director of Industrial Psychology, Inc., of Chicago

by JOSEPH E. KING



washouts! For industry as a whole the first-job "washout bill" runs into many millions every year.

The same study suggests that the trouble lies not so much with the new employee as with the system of selection. "Apparently," the study declares, "some employers put too much stress on academic record, high I.Q. and good appearance, and devote inadequate attention to aptitude testing, interviewing, and other tools of selection."

A good many personnel directors would be quick to point out that they invariably use the most advanced tools of selection. They would be correct, for surveys indicate that 60 per cent of all companies now use some form of psychological aptitude test in their hiring procedure.

The great trouble, however, lies in the fact that many companies have very foggy ideas about these tests and what they are designed to accomplish. They often choose a test solely by its name, not realizing that the name alone may not indicate what a particular test actually measures.

One personnel director chose a "Perception Test" to screen employees for the job of taking radio tubes off a moving belt and packing them in different cartons. His hunch was that the ability to locate tubes quickly and to recognize likenesses and differences quickly was the principal element of success on this job, and that the "Perception Test" was just the yardstick needed. Unfortunately, the test he picked was for clerical workers and measured one's aptitude with words and numbers.

Ironically, a later study by a psychologist using aptitude job-tests disclosed that perception was actually not the most important aptitude in the tube packing job. Instead, it was coordination, or the aptitude for muscle control, dexterity, and the coordination of hand and eye.

Scientific testing can take much of the guesswork out of hiring, but only if the aptitude job-tests are understood and wisely administered. There is ample proof of this. In one case study of semi-skilled factory workers, two aptitude job-tests were used by the personnel department. Inexperienced applicants failing to pass these tests were turned down.

At the end of one year it was found that applicants hired on the basis of aptitude test results required a training period approximately half as long as that of those hired before the tests were introduced. This meant a significant saving to the company in training and wages, and it also meant more money for the test-selected workers. They moved up to regular wage rates sooner, and they liked their jobs because they were working on what they could do well.

A similar study involved 38 high



school girls hired for factory inspection work. Test results showed that 23 lacked proper aptitudes, but they were hired anyway just because they "looked promising." As it worked out, the 15 girls who ranked "high" or "average" in aptitude required an average seven weeks of training, while the 23 girls who ranked "minimum" or "underqualified" required 11 to 14 weeks of training. Since each week spent in training cost the company \$61 per employe, it is easy to see how much

could have been saved by relying on aptitude job tests.

Similar cases are by no means uncommon. One company tested its factory workers and found that those with the least aptitude for their jobs also had the worst production records. Fifteen of these low-aptitude workers were transferred to other jobs for which they were better qualified. Then, nine new workers of high school age, shown by tests to have the proper abilities, were hired to replace them. These nine green youngsters quickly matched the production of the original 15!

In an oddly dissimilar case involving 150 office machine operators working in an insurance company, it was found that most errors were made by 12 "overqualified" high school girls whose abilities, as shown in aptitude tests, fitted them for better jobs. They simply were bored by prosaic jobs. When transferred to more challenging work, their efficiency promptly increased.

And here is perhaps the strangest fact of all. While companies are busily looking for new workers, their employment offices are turning down 50 per cent of the applicants who seek work—yet only about 12 per cent need be rejected! We found this to be true in three separate experiments. Employes, particularly youngsters with no working history, who apply for one job are often turned down without being tested for other jobs for which they may be excellently qualified. If they are not tested, nobody knows about their other aptitudes.

In a tight labor market, no company can afford to pass up a potentially successful worker, simply because he applies for a job for which he is not qualified, or because the employment office does not take the extra time and trouble to find the job for which his aptitudes do qualify him.

Employes certainly deserve to be put into jobs for which they are best suited, in which they can earn the most and be happiest. The inexperienced youngster with high hopes of success certainly deserves such treatment along with the oldest worker on the job. Best of all, the use of aptitude job tests can also be a tremendous benefit to the employer who really undertakes to avoid square pegs in his company.



TILT-UP, the fast, modern and economical method of concrete construction was used in building the Luthe Hardware Company warehouse in Des Moines, Iowa—a structure with more than two acres of floor space.

Tilt-up construction is adaptable to individually designed or standard buildings and is practical for one-story or multi-story structures. It is quick and easy and reduces form building and form handling to a minimum.

Wall panels are cast flat in simple edge forms—usually right on the concrete floor—and then tilted up into position with power cranes or hoists. Panels can be sized to meet a wide variety of requirements. Cast-in-place piers and beams tie the panels together into one integrated unit.

Structures built by the tilt-up method have all the desirable properties of any concrete building.

They are firesafe, decay-proof, trim and neat in appearance. Their first cost is moderate, they last a lifetime and cost little to maintain. They are truly **low-annual-cost** construction.

Learn more about this time-saving, economical method. Write today for free technical bulletins, containing design and construction details. Distributed only in the United States and Canada.

The new Luthe Hardware Company concrete warehouse in Des Moines is a 240 x 420 ft. structure with a two-story, 45 x 75 ft. office wing. Tilt-up construction was used throughout, except for the office wing projection, which is cast stone.

Tilt-up panels are 11 ft. high, 13 ft. 8 in. long and 6 in. thick. Only seven sets of edge forms were used to build 73 wall panels.

Engineering and construction work by The Weitz Company, Inc.; Brooks-Borg, architects of Des Moines, consultants on architectural design.

Upper photo shows 5½-ton wall section being tilted into position. Lower photo is a view of the completed building.

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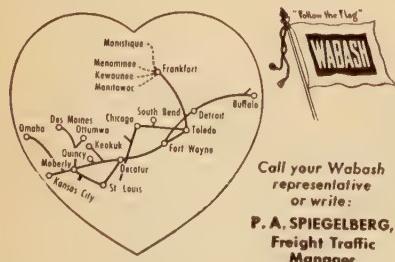
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EMPHASIZE STRUCTURAL SOUNDNESS

The product pictured here, reports the manufacturer, is distinguished both for structural soundness and decorative qualities. It is a three-part panel of a fiber-glass building material called Alsynite.

The top section is a translucent type of fiber-glass panel which admits light without being transparent. It was the first product developed by the Alsynite Company of America at San Diego, Calif., and Portsmouth, Ohio. Now, however, Alsynite has developed two new varieties of fiber glass sheeting which are displayed in the bottom panels. The opaque (center) and transparent (bottom) types of sheeting are now going into production.

The company adds that the sheets are light-weight, shatter-proof, can be sawed or nailed like wood, and may be used in a number of decorative and structural applications.

With the three-way panel is Marion Heatherly who, according to the press release, is a San Diego college student.



What's Wrong With Company Organization?

(Continued from page 14)

ple, an increasing proportion with government officials, trade associations, local community contacts, and non-working directors. The result is lack of time for adequate contact with associates, for rest and recreation, for reading, and most serious of all, lack of time for reflection and long-range planning.

Perhaps this grave situation could be eased by staff assistants. Unfortunately, they are not widely used and when used, their functions are frequently ill-defined. The staff assistant should be merely a representative of his chief, an extension of his chief's personality. He should have no powers of his own; he must not substitute his opinion for those of his chief, for example, refusing to admit visitors whom the boss would see, if he knew about it. His function is to reduce the burden of his boss' work through collecting information and planning his superior's work.

Staff executives are assuming more command powers, resulting in multiple bosses and conflicts with line executives.

In an increasing number of companies, top executives complained about the lack of proper jurisdiction between their staff (staff men are specialists engaged in a function which permeates all line operations, for example, personnel or finance) and line men. Line men complained that their activities were being subordinated to the plant staff, and that in addition a remote staff at headquarters was superimposed on the plant staff. The staff people were absorbing more of their fair share of able and well-educated men. Their activities, however, became so highly specialized that they became "nuts" on specialties like testing or quality control and lost touch with reality.

Top executives were concerned about the struggle of staff men for

WABASH RAILROAD

direct authority, when they are supposed to be confined to indirect or functional authority. This struggle has been carried so far that in some companies staff departments actually tell the line what to do; in their anxiety to improve things they have taken over. This may have disastrous consequences, as in the German Army in 1914 when staff officers ordered the retreat of the 1st Army from Paris, while that Army was advancing without resistance, and so lost a crucial battle which perhaps lost that war.

These are some of the line powers which were found to be exercised by staff men:

1. *Command through technical competence.* When the staff specialist has technical skills and knowledge not possessed by the line department, it may have to be accepted like legal advice.

2. *Command through status.* The supervisor receives counsel and advice from many specialists who are considerably above him in the management hierarchy and salary scale. Staff specialists fortified by such titles as "director" or "manager" are able to get acceptance merely on the basis of status. Foremen particularly are recipients of staff reports, advice, written policies, regulations, orders, written instructions, and written standards of performance. No wonder the poor foreman has been dubbed "a master and victim of double-talk." The AMA survey of 100 companies showed that in 30 per cent foremen have no right to hire and in 80 per cent they do not participate in any policy-making. The result has been damaging to his authority and ability to meet his responsibilities.

3. *Command through sanctions.* Line acceptance may be forced through the threat or actual use of sanctions. If the line does not agree with the staff proposals, the staff man may appeal to the chief of the staff function who in turn may appeal to the president who can enforce the staff counsel on the line.

Committees are a widespread form of management, but the benefits of committee management as compared to alternative methods are little known and probably highly varied.

Committee management has become a major instrument of decision making and in an increasing

number of instances the most important method of management, especially in large companies. The current interest in group work, co-operation, participation and group dynamics has raised committee management sometimes to a fetish. You may be called "undemocratic," hopelessly old-fashioned if you don't have committees.

It is high time that the alternatives be studied, for many top executives we interviewed do not like committees for many purposes. There were complaints about too

many meetings taking too much time of too many executives. The mountain of labor that is involved in committee work may produce nothing more than a ridiculous Mickey Mouse.

Often the money value of a subject which is brought up for committee consideration is worth less than the time of the executives discussing it—for example, the grant of a \$100 contribution to a well-known charity organization, or whether to use clips or staples on company reports. Many subjects are

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too technical and too specialized to stimulate contributions toward their solution. Committee management may be slow, inefficient, arouse antagonism and hostility. If it does not, and there are no differences of opinion, then why have a meeting at all? You won't differ with your boss, if he runs a committee meeting merely to strengthen his ego.

Of course, there are also many drawbacks in one-man or individual decision-making. We found that committee action is definitely superior in jurisdiction; individual

action is superior in providing leadership, organization planning, execution, and decision-making. Committee action is slightly superior in communication, slightly inferior in planning, formulating objectives, administration. Committee action is about equal to individual action in control, innovation and advice.

Decentralization is probably not as widespread as it is generally thought to be.

There is much talk about the delegation of decision-making down

the line, but on examining the actual activities of chief executives we found that they continue to make most or all major decisions, either directly or through strict rule checks and balances, and the mere compulsion on subordinates to act as the boss would act. But chief executives also make final decisions on matters which are relatively unimportant. An amusing comment on the centralization of minutiae appeared on the wall of the janitor's broom closet in a small static office of one of our railroads, where a frustrated employe had posted this inscription: "Before emptying trash cans, wire Omaha for approval."

We could quote many additional examples. In several large companies the chief executive insists on approving all purchases over \$2,500. At many companies all salary changes above \$4,000 or \$5,000 must be approved by the president. In number of small companies the chief executive insists on opening all the mail himself and signing all the replies. In many large companies the president personally has to approve every public appearance, however small the audience, and every member of management an whatever he may say. And that is only a small part of our findings.

Decentralization

Why has decentralization been resisted? Here are some of the reasons mentioned:

1. *Tradition.* The business grew up under one-man direction and remained so.

2. *Necessity.* Hard times require close personal supervision.

3. *Expense.* Delegation of decisions may be costly. There is the cost of training and making mistakes on the part of junior executives. There may be the expense of friction, jealousy, and lack of uniformity on the part of semi-independent and divergent divisions.

4. *Power.* Delegation seems to imply a loss of power, less control than before, dependency on others. Centralized power, on the other hand, may seem to suggest unlimited personal capacity, with complete lack of dependency on anyone else.

5. *Prestige.* Delegation may entail a loss of status.

The obvious conclusion is that



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ven though the distribution of power and decision-making may be desirable, many obstacles lie in the path of its accomplishment.

How are these organizational problems to be solved? There are several methods. One, the "earthquake approach," probably still the most frequently used in changing company organizations. A new chief executive or an organization expert may turn the whole company upside down. They feel they must make a show of fireworks to justify their activities. Few are consulted in the process and subordinate executives are suddenly confronted with the finished works.

As an example of the "earthquake approach" we may cite the announcement of organization changes to all subsidiaries sent by the president of one large company. He took them completely by surprise, saying that the changes would be effective the next day at 10 a.m. except for those who wished to have a one-way ticket to New York to complain to him. No one took the offer, but the changes were never effective because of the sabotage of his executives.

Reorganization via the "earthquake approach" may be destructive of harmonious, sensitive relationships which have been built up laboriously over the years. Such a reorganization may result in the loss of security of many able executives, loss of men who can move elsewhere, reluctance on the part of executives to express themselves freely, damage to prestige, and a widespread break in morale.

What of the Future?

It may therefore be wiser to review constantly the organization structure to clarify "grey" areas, and to eliminate overlapping. A long-range plan might be formulated with executive participation whereby changes might be introduced gradually, as deaths and retirements occur. Organizational change is a never-ending process in changing business conditions, but it should create as few upsets as possible. A new organization structure can be set up, but it will take many years before it will be understood in actual practice. In practice, there must

be constant review by the various heads of the company to keep the organization accepted and to develop refinements.

What of the future of company organization? Today many of us are wrapped up in a net of organization theories which cramp our style, our freedom, and our happiness.

I put this problem to the young president of one of our largest companies who is ably and sincerely trying to solve it. He answered without hesitation: "The greatest contribution to effective organization would be the reduction of our plants to a maximum size of 2,500 men." The ideal organization which he had in mind was one in which the plant managers would know all their men by sight or name and in which each individual would have a chance to utilize his abilities to a maximum.

Here's one more thought for future consideration. The ideal organization in, say, 25 years will be one in which you have the fullest measure of efficiency and effectiveness. By 1975 we may well have a firmer belief in the superiority of

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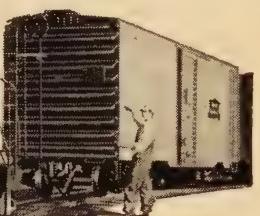
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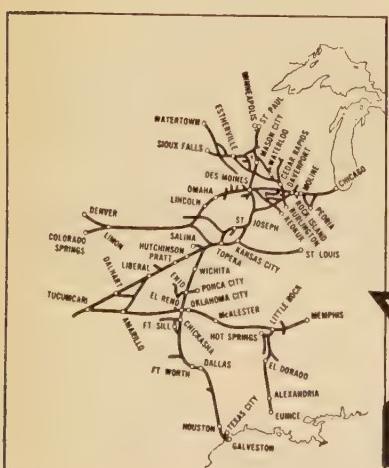
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decentralized action than we have today. Our large companies will continue, but their headquarters may become management companies aiding groups of manufacturers and distributors with advice in their final decision-making. Just as the efficient small company today may have a battery of outside consultants to help it, so the large corporation may function as a consultant at head office, as some already do. In this way the economic advantage of size may be combined with those of independent existence. Management has a great opportunity to realize this dream of many executives, for as a distinguished writer on management has put it:

"The solution of the world's problems must eventually be built up from all the little bits of experience wherever people are consciously trying to solve problems of relation. And this attempt is being made more consciously and deliberately in business than anywhere else. . . . Among business men there is the greatest vitality of thinking today."

Here, There and Everywhere

(Continued from page 9)

ting workers past 65 stay on the job if they are willing and able.

• **Fellowships Increased**—Possible graduate fellowships amounting to \$19,250 have been awarded to 12 of the nation's top college graduates by General Electric Company, and grants of \$13,800 have been made to the institutions the graduates will attend for advanced study.

• **Disperse Our Cities?**—Can the United States actually undertake to disperse its major metropolitan centers as a precaution against possible atom bomb damage? After a survey of the problem, the Twentieth Century Fund concludes that such a gigantic project would require well over a decade of work by the nation's entire construction industry. For the present, the organization believes that some key industries should be dispersed, civilian defense should be thoroughly organized, and alternative facilities for the most critical production and transportation bottlenecks should be developed.



Invest in the Middle West

Reviews of Middle-Western Companies

by D. F. NICHOLSON

MORE than one company has risen to top position in its field, partly because it has encouraged its various divisions to battle it out among themselves for customers and for sales. One firm that has successfully utilized this corporate scheme is the Outboard, Marine and Manufacturing Company which is not only the nation's largest producer of outboard marine motors but also one of the most successful exponents of red hot divisional rivalry.

Outboard's divisions are the Johnson Motors Division at Waukegan, Ill., the Evinrude Motors Division at Milwaukee, Wis., and the Gale Products Division at Galesburg, Ill. In addition the company owns the Outboard, Marine and Manufacturing Company of Canada, Ltd., in Peterborough, Ontario.

The competition has largely been between the Evinrude and Johnson divisions, which have long shared in dominating the outboard motors business. Each has its own engineering, design and styling departments, and separate manufacturing plants, but competition between the two has been most intense in selling, advertising, publicity and promotion. The Evinrude motor and the Johnson "Sea-Horse" are quite similar, but there is some variation in size. Evinrude produces 3, 7½, 14 and 25 horsepower models, while Johnson makes 3, 5, 10 and 25 horsepower models.

Hardware Jobbers

Gale Products Division in the past has competed by manufacturing private brand outboard motors for sale to such large retailers as Montgomery Ward, Goodyear, Spiegel, Gamble-Skogmo, Atlas, and Goodrich. Gale Products is now getting more directly into the competitive battle

and has begun producing the "Buccaneer" motor for sale through hardware jobbers.

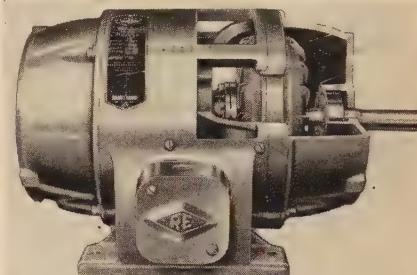
In January, 1952, Outboard purchased the RPM Manufacturing Company at Lamar, Mo., a maker of power lawn mowers currently sold exclusively through Sears, Roebuck and marketed by the mail order company under the names "Craftsman" and "Dunlap." The acquisition was made because the price, less than a million dollars, was attractive and should be recovered in about four years at the current rate of earnings. Furthermore, the power mower's manufacture and marketing fit in well with the manufacture and sale of outboard motors. The two-cycle motor of the power mower is similar to that of the outboard motors made by Outboard.

Production Economies

While Outboard encourages competition among its divisions, it takes full advantage of every manufacturing economy. The divisions specialize to some extent, and parts produced by one may be used by all three. Manufacturing efficiency thus has become a distinguishing characteristic of the company. Outboard produces virtually everything going into an outboard motor except rubber, electrical wire, and plastics. The company manufactures its own gears, magnetos, carburetors, crank shafts, cylinder blocks, and most of the tools and dies it uses. The electric die casting shop in the Johnson plant at Waukegan is believed to be the largest in the country. An aluminum smelter is also operated at Waukegan.

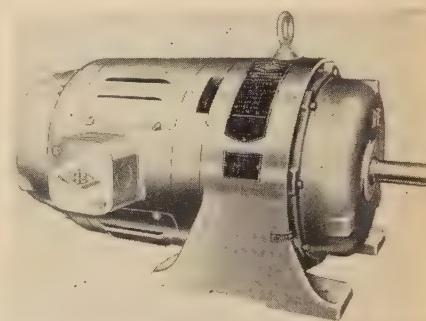
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nomical production. The total investment in plant and equipment at the close of 1951, before depreciation, was more than three times the figure 10 years earlier.

Competition from other manufacturers has intensified because of the vast increase in the market for outboard motors, and the company is stepping up its research in order to maintain its leadership. Recently the company began construction on a two-story research building in Milwaukee. The company and its predecessors are credited with many of the most important advances in outboard motors. In fact, the late Ole Evinrude, founder of one of the divisions produced the first successful outboard motor in 1909.

Improvements in the efficiency and reliability of outboard motors, and a great reduction in weight, have been major factors in expanding the marine motor market. Easy starting and quiet operation are perhaps the most obvious advances to the person not well acquainted

with the outboard, but some of the more recent improvements may prove equally stimulating to sales. One is the separate fuel tank, which adds convenience and contributes to safe operation. More important is the introduction of the so-called "gear shift," consisting of a "neutral," in which the propeller is stopped, and a "reverse" as well as the usual "forward." The increased maneuverability and ease of handling made possible by the gear shift make the outboard motor practical for unskilled boat operators and more useful for commercial purposes.

Along with these improvements has come increased leisure for millions of persons because of the five day week and paid vacations, and greater opportunities for the use of boats and outboard motors on the artificial lakes created for flood control, irrigation and water supply. When the outboard motor industry resumed production of civilian goods after the war, it found an

enormous pent-up demand. The Outboard Motor Manufacturers Association estimates that about 622,000 motors were produced and sold in 1948, making that the biggest year on record. Sales have continued at a high level, being estimated by the association at 330,000 in 1950, and 290,000 last year despite restrictions on materials.

The modern outboard motor is widely used for commercial purposes, primarily in fishing, and for such other uses as logging, construction, and marine oil exploration. An annual production of some five billion pounds of fish and seafood is said to be maintained to a large extent by outboard powered boats. Outboard reports that about half its sales are for commercial uses.

Company History

Outboard, Marine and Manufacturing Company was incorporated on September 30, 1936, as a consolidation of Outboard Motors Corporation, formed in 1925, and Johnson Motor Company, organized in 1921.

Defense and war work, including the manufacture of outboard motors for landing craft and other military equipment, boosted sales from \$8,267,313 in 1939 and \$9,987,145 in 1940, to a peak of \$37,246,653 in the fiscal year ended September 30, 1943.

Despite restrictions on the use of steel and aluminum, sales in the 1951 fiscal year totaled \$30,551,948, against \$27,033,435 the year before. The increase reflected higher price levels, the introduction of new and larger motors, and a moderate amount of defense work.

In the six months to March 31, 1952, the first half of the current fiscal year, net sales rose to \$18,581,245 from \$14,646,649 for the corresponding period a year earlier. The 1952 figure includes sales of the RPM Manufacturing Company from January 1 to March 31.

Earnings before taxes were up nearly \$600,000 in the six months to March 31, 1952, at \$2,656,779, as compared with \$2,074,911 for the six months to March 31, 1951. But after taxes, the net income was \$938,774, equal to \$1.58 a share on the capital stock, against \$1,016,766 or \$1.71 a share, for the earlier pe-

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iod. Sales of outboard motors are highly seasonal, with about half of the year's total volume concentrated in the summer months.

Following is a comparison of net sales, net earnings, and earnings per share of capital stock, for the fiscal years 1942 to 1951, inclusive:

Yrs. Ended Sept. 30	Net Sales	Net Earnings	^a Per Share
1951	\$30,551,948	\$2,769,301	\$4.66
1950	27,033,435	2,975,787	5.01
1949	26,950,615	1,806,407 ^b	3.04
1948	31,534,311	2,011,845	3.39
1947	29,118,944	2,605,192	4.38
1946	17,036,030	990,997 ^c	1.67
*1945	26,949,958	1,233,894	2.08
*1944	30,251,104	1,087,013	3.66
*1943	27,246,653	1,171,058	3.94
*1942	15,155,252	912,471	3.07

^aAdjusted for renegotiation. ^bIncl. \$350,000 transferred from reserves. ^cAfter credits of \$685,141 from refund of prior years' taxes and portion of provision for accrued expense not required. ^dBased on the following shares: 1945-51—approximately 594,230 shares; 1942-44—297,123 shares.

As of last September 30, capitalization of the company consisted of \$2,550,000 of 3 1/4 per cent notes payable, \$294,500 of debentures of the Canadian subsidiary, and 494,288 shares of \$2.50 par value stock. The capital stock is listed on the New York Stock Exchange.

Dividends have been paid each year since 1937, and in 1945 the stock was split 2-for-1. Cash payments in calendar years were: 1937, \$2.50; 1938, \$1.85; 1939, \$2.15; 1940-44, \$2.25; 1945-46, \$1.15; 1947-51, \$1.50.

In the six years to last September 30, Outboard invested \$7,000,000 in replacement, modernization, and expansion of its plant facilities, and increased its net working capital by \$4,900,000. At the end of the 1951 fiscal year total current assets were reported at \$15,390,787, including \$8,067,003 in cash, U. S. Treasury obligations \$445,674, receivables \$2,087,427, and inventories \$4,790,683. Current liabilities aggregated \$2,621,470. Thus the company's holdings of cash alone exceeded total current liabilities and long term debt combined.

Southeast Asia

(Continued from page 19)

annual rainfall is 450 inches! Most of the region is covered with heavy "rain-forest" or thick jungle. Land is expensive to clear and, if uncared for, quickly returns to jungle.

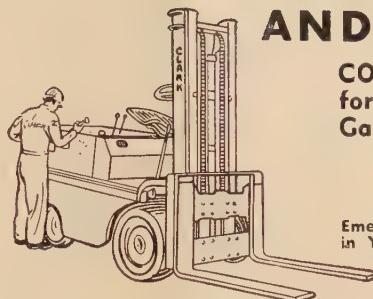
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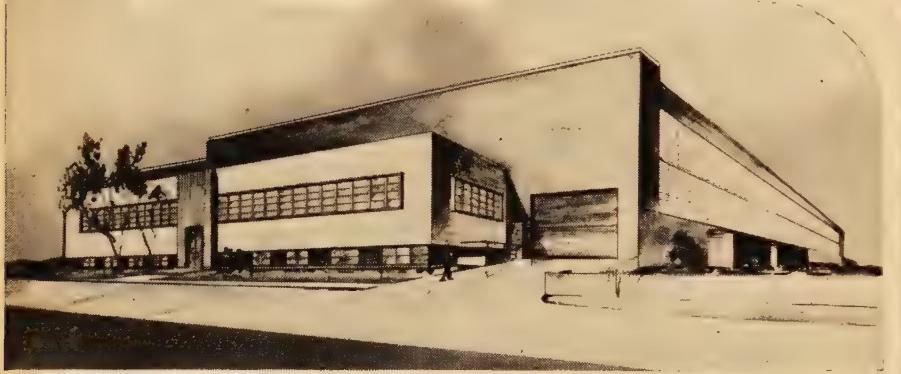

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politically peaceful, and that made the area attractive for foreign investors. By 1938, over a third of billion dollars had been invested in business enterprises in Indo-China largely by the French, and nearly \$1.5 billion had been invested in Indonesia, chiefly by the Dutch. American and British investments in the Philippines and Malaya were even greater.

Since World War II, however, the seething rebellion in Indo-China, unsettled conditions in Indonesia, the fierce Huk raids in the Philippines, and the Communist campaign of murder and arson in the Malaya Peninsula have frightened away foreign investments. Yet without foreign investments Southeast Asia has little hope of further developing local industry or increasing its farm production.

Heavy American Aid

Not many Americans realize the extent to which the federal government has stepped in to supplant private investment, and at the same time encourage the resumption of private investment in this area. Through the ECA and its successors, the Mutual Security Agency, as well as the Export-Import Bank, the United States has loaned substantial sums of money to Southeast Asia. The International Bank for Reconstruction and Development in which the United States is a heavy investor, is also giving financial help. Recently, in a renewed effort to attract private capital, the Mutual Security Agency declared United States private investments in the Philippines eligible for government guarantee. The Republic of the Philippines thus became the first country outside of Europe so favored. Under terms of the Mutual Security Act, private investors are assured not only of the convertibility of their foreign currency receipts into dollars, but also of dollar compensation for any loss due to expropriation or confiscation of industrial investments. MSA has since announced that similar arrangements may be made with other countries of Southeast Asia.

Understandably, these developments have increased interest on the part of private investors in areas where Communism has been

(Continued on page 34)

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Industrial Developments

... in the Chicago Area

INVESTMENTS in industrial plants in the Chicago area totalled 10,184,000 in May compared with 38,643,000 in May, 1951. Total investments for the first five months of this year were \$66,995,000 compared with \$211,965,000 during the same period in 1951. These figures include expenditures for the construction of new industrial plants, expansions of existing buildings, and the acquisition of land or buildings for industrial purposes.

• **Abbott Laboratories** of North Chicago, producer of pharmaceuticals, purchased a 43-acre tract of land adjacent to the Chicago and North Western right-of-way at 22nd and Buckley road. The company expects to construct a building containing approximately 300,000 square feet on this site. Browne and Storch, Inc., brokers.

• **Goss Printing Press Company** is constructing a 134,000 square foot addition to its plant. Olson and Urbain, architects; Sherman Olson, Inc., general contractor.

• **American Steel Foundries Company** is constructing an engineering building at the company's plant in Hammond. Albert Kahn and Associates, architect; Thorgerson and Erickson Company, general contractor.

• **Configured Tube Products Company**, 750 W. Tilden street, manufacturer of fabricated tubular products, is building a 36,000 square foot plant in Bellwood. When completed the building will house the entire operations of the company. Engineering Systems, Inc., architects.

• **Arthur S. LaPine and Company**, 121 W. Hubbard street, has

occupied its new plant at 6001 S. Knox avenue. The plant, which contains 37,000 square feet of floor area, will be equipped with a machine shop for manufacture of scientific equipment as well as a laboratory and storage space for the company's line of industrial chemicals.

• **Automatic Electric Company** has purchased two buildings, one a seven-story structure which it has occupied for some time at Morgan and Van Buren streets and the other a three-story and basement building across the street from the present plant at 1026 W. Van Buren street. Automatic Electric produces telephonic equipment.

• **Ninol Laboratories**, 1719 S. Clinton street, is constructing a plant and laboratory at 103rd street near the Rock Island Railroad in South Chicago. The plant will be used for the production of synthetic detergents and fine chemicals and will house the entire operations of the company when it is completed.

• **Chicago Rawhide Manufacturing Company**, 1301 N. Elston avenue, has purchased the building at 2716 N. Greenview avenue. The company also operates a plant in Elgin.

• **Goes Lithographing Company**, Inc., 42 W. 61st street, has purchased the four-story brick and limestone building at 6320 S. Harvard avenue. Goes Lithographing produces commercial lithographing, coupons, special stationery, stock certificates, and bond blanks.

• **Three Dimension Company**, 4555 W. Addison street, manufacturer of photographic slide projectors, is building a plant at 3504 N.

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Kostner avenue. The plant will contain 18,000 square feet of floor area. W. Fred Dolke, architect.

• **In-Tag Division of Interchemical Corporation**, 3030 W. 51st street, is constructing an addition to its plant which will contain approximately 14,000 square feet of floor area. In-Tag Division manufactures printing ink.

• **Illinois Gear and Machine Company**, 2108 N. Natchez avenue, has purchased 200,000 square feet of land adjacent to the company's main office.

• **Sawyer's, Inc.**, 3543 N. Kenton avenue, is constructing a one-story plant at 3500 N. Kostner avenue. Sawyer's manufactures photographic equipment and supplies.

• **Rauland-Borg Corporation**, 3515 W. Addison street, is erecting a 12,000 square foot addition to its plant. The company manufactures electric communication equipment. Northern Builders, general contractor.

• **Valley Mould and Iron Corporation**, 108th street and the Calumet river, is building a 10,000 square foot addition to its plant. The company makes ingot molds and stools.

• **Pressure Products Company**, 140 N. Dearborn street, is building its first Chicago area manufacturing plant in Skokie. The plant contains approximately 10,000 square feet of floor area and will consolidate

date manufacturing activities that have been performed under contract with other firms as well as branch operation of the company in Edgerton, Wis. The company makes a line of soldering torches and burners with a throw-away fuel container.

• **Robert Barclay, Inc.**, 122 Peoria street, has begun construction of a 13,000 square foot building at Fulton and Elizabeth street. The company manufactures automatic heating accessories.

• **U. S. Diamond Wheel Company**, Aurora, is constructing a factory and office building containing 9,000 square feet of floor area.

• **Whitso, Inc.**, 2037 W. Churchill street, is building a plant in Schiller Park which will house the entire Chicago area operations of the company. The new structure, which contains 6,000 square feet of floor area, will be used for the manufacture of electrical components and molded plastic products.

• **Colonial Kolonite Company**, 2212 W. Armitage avenue, producer of plastic products, is erecting a 5,000 square foot office building at its plant.

• **Atlantic Chemicals and Metals Company**, 1925 N. Kenmore avenue, has acquired a two-story and basement building on 5½ acres of land at 13546 S. Western avenue, Blue Island. J. J. Harrington and Company, brokers.

Our Stake In Southeast Asia

(Continued from page 32)

checked, notably Thailand, Indonesia, the Philippines, and parts of British Malaya. Greater productivity in the peaceful areas, and high prices for exports have also increased money incomes in the area in recent years. This has increased native savings, which if utilized, could provide some of the capital the area desperately needs.

The accompanying chart, "United States Trade With Southeast Asia, 1951," indicates that most of the countries in this area sell far more to the United States—notably, rubber and tin—than they buy, and as

a consequence enjoy a substantial dollar surplus. Since there is little likelihood that we will stop buying these essential raw materials, some prospective investors have assumed that there would be no difficulty in obtaining dollar exchange with which to safeguard their investments.

While dollar exchange can generally be obtained to service loans, it is nevertheless true that trade with Southeast Asia is traditionally trilateral. Broadly, the trade pattern works this way:

The United States buys raw ma-

erials from Southeast Asia, paying for the goods in dollars. Southeast Asia buys cheap consumer goods from Japan and Europe, using dollars to pay for them. Then Japan and Europe buy more expensive goods from the United States, paying for them with the dollars obtained from Southeast Asia trade.

Because of the good use they make of their dollars in this trilateral trade, the native governments refuse to use their "hard" money carelessly. Malaya, for example, is one of the principal dollar earners of the British empire, but like the rest of the sterling block, of which it is a member, it is very parsimonious with its dollars.

Trade Opportunities

Southeast Asia buys few "luxury" goods from the United States.* Opportunities for American exporters are principally in offering products to help build basic industries. In view of the almost unlimited needs of the underdeveloped countries, it is a wise policy to determine what is most needed and then undertake to convince the native governments that their limited funds should be so utilized. On the other hand, Americans have little luck when they try to enter markets already well supplied by Japan and Europe. It is far more profitable for both the natives and the American exporter to specialize in items which Japan and Europe either do not try to market in the area, or if sold, are inferior to or more expensive than similar American goods.

Machinery sold to countries in this area must be simple to operate and require a minimum of maintenance parts and skilled repair service. Technically trained workers are simply not available in Southeast Asia, and replacement parts are not produced locally. More than one private investor has abandoned ambitious plans for opening

*Among important American products now being purchased by Southeast Asian countries are machinery, passenger automobiles, buses, trucks, chemicals, fertilizers, metal products, building materials, films, lubricating oil, iron and steel plate, sheets, pipe and tubes, electrical equipment, cigarettes, cotton yarn, and condensed and evaporated milk.

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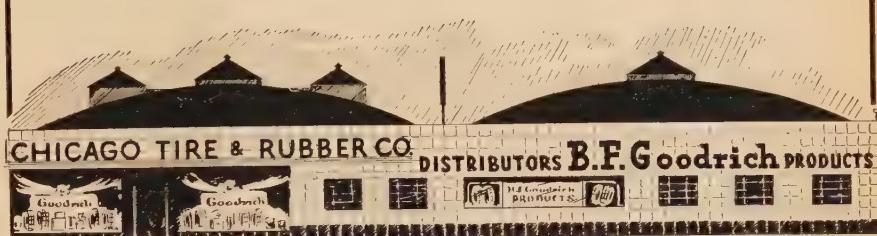
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branches, factories, or processing plants, upon discovering that there were no qualified workers to operate them. It is possible, of course, to train the natives, and many European and American machinery manufacturers include in their contracts provisions for training native workers. Although the natives are as intelligent as Occidental workers, it usually requires considerably longer to train them due to their limited technical education and language difficulties.

Recognizing this lack of "know

how," the governments of these countries have begun bringing in foreign experts to train natives in a wide variety of skills. But it has been difficult to recruit and maintain suitable staffs in these countries of seemingly interminable rains, oppressive heat, inadequate medical care, and poor housing.

In an effort to help supply men of the type needed, several schools in the United States, including the Foreign Service Institute of the State Department, are offering courses designed to prepare men for

work in underdeveloped areas. Their object is to provide area and background instruction as well as professional training. Usually it has been found that technicians recruited for East Asia, though well qualified technically, know nothing of the history, commerce, customs, or geography of the natives with whom they are to work. Americans have been especially handicapped because opportunities in U. S. universities and special schools to study any foreign areas except Europe and Latin America have, until recently, been almost non-existent.

Lack of facilities for giving training in Asiatic languages outside of the area remains a serious problem for Americans and Europeans alike. Although many officials of native governments, as well as merchant, hotel keepers, and school teachers speak English, Dutch, French, or Spanish, few people in other occupations, or in rural areas speak any European language.

Unexpected Benefit

Nevertheless, a highly important and unexpected benefit is currently appearing as a result of the cultural and language study programs. A weakness found too frequently among Westerners who work in Southeast Asia is a form of "superiority complex." The "foreign experts" loudly proclaim the wonders of their homeland, emphasizing such things as the vastness of its factories, the marvels of its television programs, and the great height of its skyscrapers. Behind polite professions of amazement at this "greatness," Asiatics wonder at the lack of humility of the speakers.

Experience is proving, however, that as Occidentals discover the richness of the native civilization, they usually find some phase of native life highly fascinating, even to the point of pursuing it as a hobby. This, of course, makes service abroad interesting and attractive. More important, as the natives of Southeast Asia realize that in the study of Oriental subjects Westerners can sit before them respectfully as students, the basic foundation for cooperation and mutual respect is laid.

These studies not only make for good business, but for good neighbors as well.



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THE Interstate Commerce Commission voted not to suspend tariffs published by the Central States Motor Freight Bureau assessing a \$1.50 surcharge on all motor carrier shipments weighing under 5,000 pounds. The tariffs became effective May 6. Charges on such shipments in Central territory are now based on the applicable rate at actual weight (but not less than 100 pounds) plus \$1.50. The surcharge is not applicable, however, on shipments moving between Chicago, Ill., on the one hand, and Milwaukee, Racine, Kenosha and other southeastern Wisconsin points, on the other.

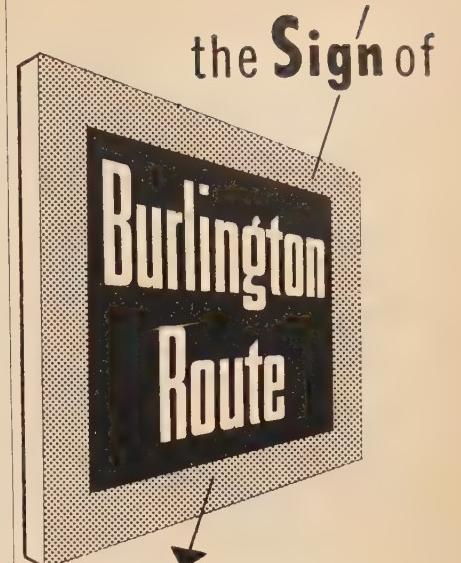
C.A.C.I. Opposes Cancellation of Free Pick-Up and Delivery: The Chicago Association of Commerce and Industry was among the many groups opposing the proposal of the railroads to cancel all free pick-up and delivery service in Official territory, at the hearing held in Chicago on May 7. The C.A.C.I. told the eastern railroads' General Freight Traffic Committee that the elimination of free pick-up and delivery service would result in discriminatory charges on traffic from or to border points such as Chicago. Under the terms of the proposal specific charges would be made for pick-up and delivery service ranging from 10 cents to 35 cents per 100 pounds. The latter charge would be applied for pick-up or delivery at Chicago. The C.A.C.I. said that while the proposed charges were allegedly based upon the cost of performing pick-up and delivery at the various origins and destinations, it was doubtful whether the total cost to the carriers in handling traffic from and to the smaller towns in way-freight service would be less than the cost for handling the same

traffic between the larger cities. It also charged that the proposal would result in a further diversion of desirable less carload traffic and that the railroads would only retain that traffic which would be unprofitable even under the proposed charges.

- New Motor Carrier Classification to Become Effective June 10:** National Motor Freight Classification No. A-1, containing ratings substantially the same as those in the railroads' Uniform Freight Classification No. 1, has been published by the motor carriers' National Traffic Committee to become effective June 10. The present National Motor Freight Classification No. 11 will continue in effect and the carriers, through power of attorney to the committee, will indicate their classification choice.

- Alldredge Elected Chairman of I.C.C.:** Commissioner J. Hayden Alldredge has been elected chairman of the Interstate Commerce Commission to succeed John L. Rogers who resigned from the commission. Mr. Alldredge has been a commissioner since May 1, 1939 and was chairman of the commission in 1943. Before his appointment to the commission he was on the staff of the Alabama Public Service Commission and the Tennessee Valley Authority.

- Illinois Commerce Commission Grants Rail Rate Increase:** The Illinois Commerce Commission has granted the petition of the railroads for authority to increase freight rates and charges on Illinois intra-state traffic. The increase is 15 per cent and supersedes the nine per cent hike which became effective February 28, 1952. It became effec-



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tive May 2, simultaneously with the comparable increase in rates on interstate traffic authorized by the Interstate Commerce Commission in its order in Ex Parte No. 175. The sole exception to the May 2 effective date was grain and grain products on which the increase became effective May 17.

• **Supreme Court to Consider Motor Leasing Order:** The Supreme Court of the United States has agreed to consider the order of the

Interstate Commerce Commission in Ex Parte MC-43, Lease and Interchange of Vehicles by Motor Carriers. The order, among other things, would prohibit authorized motor carriers from trip-leasing equipment. A three-judge federal district court in Alabama last December dismissed a complaint filed by the American Trucking Associations, and others, to set aside the order. The commission has postponed the effective date of its order pending a ruling by the Supreme Court.

Business Men Behind the Brush

(Continued from page 17)

the list of distinguished amateur painters includes many a public figure. Among them are Dwight Eisenhower, Oscar Hammerstein, Joe Louis, Clifton Webb, Carlos P. Romulo, John Gunther, Deems Taylor, Noel Coward and J. P. Marquand. Samuel F. B. Morse, inventor of the telegraph, was a skilled painter and Ben Franklin was also interested in art.

The most ardent spokesman for the amateur painting fraternity, however, is Winston Churchill. In his book, "Painting as a Pastime," Churchill gives this advice to men thinking about the leisurely years of retirement:

"Armed with a paint box one cannot be bored. Every day you may make progress, yet there will stretch out before you an ever-lengthening, ever ascending path. You know you will never get to the end of the journey, but this only adds to the joy and glory of the climb. Try it while there is time to overcome the preliminary difficulties. Plant a garden in which you can sit when digging days are done. Year by year, it will bloom and ripen . . ."

Throughout his 78 years Churchill has carried staggering burdens, yet he has never lost his vitality and keen wit. One explanation may be that Churchill's hobby has given him a precious change of pace from the daily grind.

It was no accident that some of the world's greatest painters lived to advanced age when most people died before reaching fifty. Titian died at 99 insisting he still had much to learn about painting. Michelangelo lived to 89, Tintoretto to 72 and Goya to 83!

Painting can be especially valuable to the man facing retirement. A successful Chicago lawyer recalls that everything outside his office and the courtroom bored him, his heart was fluttering, and he had been ordered to take life easier. Then, by happy accident, he began drawing to occupy his leisure hours.

When the couple went to Florida last winter, they took easels and paint instead of golf clubs and fishing tackle and spent their vacation painting tropical sunsets and graceful palm trees. Now, both are looking forward to retirement when they can paint full time.

Devotees of the brush and palette make the point that their hobby is one that man and wife enjoy together. In more than one case, couples who seemed to have virtually nothing in common in middle age have found that painting together has greatly strengthened marriages. As one such couple put it, "Now since our honeymoon have we spent more time together."

Another argument for the amateur hobby is that it is an excellent medium of self-expression. Among the most enthusiastic "Sunday painters" are advertising agency artists and art directors, who must satisfy clients during the week, but paint as they please on weekends. An amusing example of an amateur artist painting away repressed emotion came to light in 1949 at a New York City exhibition. There the most talked-of painting was a roguish creation of Gen. Harry Vaughn, entitled "The Path of Investigation." It depicted several senators in somewhat uncomplimentary

shion, and, of course, was the general's humorous answer to his splashing at the hands of Senate investigators.

Businessmen interested in painting find ample companionship around Chicago. There are public art centers north, south and west. The most prominent, of course, is the Art Institute of Chicago on Michigan Avenue where some of the world's most valuable art treasures are displayed. Membership in the institute costs \$10 per year, and includes instruction in regular sketch and painting classes, free gallery hours, lectures and discounts on tickets to the Goodman Memorial Theatre, where excellent plays are presented.

Chicago Art Clubs

On the near North Side is the Palette and Chisel Academy of Fine Arts, Chicago's oldest art club. About 125 amateur and professional artists belong to the Academy at 912 North Dearborn.

Today the academy's membership is sprinkled with the names of successful Chicago business executives; among them, Fred Newman, president of Chicago Caterers, Inc., who began studying art three years ago, and Chester MacChesney, board chairman of the Acme Steel Company, who has had a lifelong interest in sketching and recently has taken up sculpturing as well.

On the South Side there are art classes every Thursday evening in the Sinai Temple at Fifty-fourth street and South Shore drive. Among the instructors are Lester B. Bridgeman, secretary of the Art Institute.

Businessmen who live in North Chicago and the northern suburbs usually affiliate with the Evanston Art Center at 800 Greenwood. For about 20 years it has been a haven for amateur artists of all ages and abilities, and today many executives attend the center regularly.

Many of those who have adopted art as their hobby have undertaken to explain the curious fascination it holds even after years of painting. But again it was England's statesman-painter, Winston Churchill, who expressed the idea best. "When I get to Heaven," he wrote, "I expect to spend the first million years or so in painting, so as to get to the bottom of the subject"



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New Products

Foot Warmer

A rubber mat with a built-in radiant heating unit has been developed by the mechanical goods division of the United States Rubber Company at Passaic, N. J. Designed for warehouses, police booths and unheated areas of industrial plants, the mat contains a center layer of electrically conductive rubber which constitutes the heating element. The foot-warming mat operates on 110-volt current from any lamp socket or baseboard outlet.

Magnetic Magnifier

A double-lens, four-power magnifier attached by flexible extension rods to a magnetic base so it can clamp either to curved or flat ferrous surfaces has been introduced by Enco Manufacturing Company, 4524 W. Fullerton Ave., Chicago 39. The device can be used for inspection, precision machining and the like, and includes accessories for holding under the magnifying glass most types of small dial indicators.

Third Hand Hammer

You get an extra arm's reach plus a free hand to hold boards when you attach Amsco Company's new nail clip over the head of your hammer. The spring steel clip is easy to attach over the hammer head and it frees one hand while starting a nail. It is, as the manufacturer points out, "indispensable for one-armed men." Amsco is at Le Center, Minn.

Battery Cap

Another new auto accessory is a battery cap that is said to preserve the water in batteries, prevent corrosion and warn of overcharging. Developed by Industrial Research, Inc., Miami, Fla., "Hydrocap" contains a catalyst which converts a battery's escaping hydrogen and oxygen gases back into water. The unique caps are said to require no

refilling and to add from 88 months to a year and a half to the life of an average car battery.

"Plastic-Dot" Work Gloves

Work gloves of conventional cotton flannel into which have been set hundreds of tiny plastic "dots" to increase wear life have been developed by the Riegel Textile Corp., Box 170, New York 17, N. Y. The plastic dots, according to Riegel, gives the gloves twice the abrasive wear of standard work gloves and a savings of over 40 percent to companies who supply gloves to their workers.

Auto Accessory

"Tire-Larm" whistles loudly above traffic noises when one of your auto tires is leaking air or is under-inflated. Sold in sets of four, the alarm is simply screwed onto a tire's valve stem like an ordinary valve cap. The device is made by Louel Products Company, 423 Fulton St., Brooklyn 1, N. Y.

Quick Drying Paint

A quick-drying flat enamel finish which can be tinted to match a wide variety of colors has been introduced by Martin-Senour Paint Company of Chicago. Called "Quick-Flat," the finish is said to cover most surfaces with one coat and to dry to handle in one to two hours under normal conditions. It can be tinted with any one of Martin-Senour's 426 liquid tinting colors.

Concrete Tester

A lightweight entrained air indicator, designed for faster and more accurate determination of the air content of freshly mixed concrete, has been developed by the Central Scientific Company, 1700 W. Irving Park Rd., Chicago. The portable indicator is made of cast magnesium alloy and, according to the manufacturer, can enable highway builders to reduce internal pressures in

concrete which lead to cracking, chipping and peeling.

oil Stopper

A two-piece, bearing-type seal designed to prevent oil leakage from main bearings of automotive engines has been developed by the Summer Manufacturing Co., 1320 McKinley, Chicago Heights, Ill. Oil-resistant rubber is precision molded into a lip-type seal on a half-circle U-channel metal band. Then by fitting two of these halves around the crankshaft and tightening together, a positive oil seal is obtained.

Soap Dispenser

"Squeeze-n-Wash" is a handy kitchen device that consists of a plastic squeeze dispenser with a nylon brush top. To operate, you fill the dispenser with water and a pouch of detergent or soap. Then with each squeeze, suds squirt through the brush. The manufacturer is Anro Products Company, Inc., 4610 N. Ravenswood Avenue, Chicago 40.

Big City

(Continued from page 20)

hoved because it wanted to be as close to the homes of employees as possible.

The desire to have a building of their own, surrounded by green grass, trees and a beautiful parking lot also may be the dream of many. As one New York concern wrote in a report, a suburban location "seems to achieve, and to secure for the future, much of the charm and ease of living to be found in smaller communities, without losing to any marked degree the advantages of a location near the heart of the central city."

Now consider the other side of the picture: what the city has to offer general offices. I hesitate to mention the ordinary advantages of the city for they are so well known. But, briefly, here they are:

Good labor market — both as to quality and quantity.

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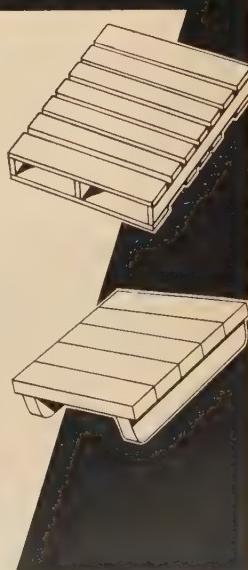
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ructing a building of their own because no office space is available. The site will be fairly large because they will want plenty of parking space. Usually that will mean land some distance from the railroad station. Construction will prove expensive because building mechanics who have plenty of work are not going outside the city unless there are premium wages or overtime to make it attractive.

The next disadvantage occurs after the building is ready for occupancy. I mean personnel problems. Employes may have to sell homes and buy or rent new ones in order to be near the new office. This means moving expense, legal fees and real estate commissions. You may be sure that the employer will find it necessary to contribute liberally toward these expenses. Not all employes will move, however; some will commute. Chances are the employer will have to run station wagons or buses to the suburban station to pick up employes in the morning and take them back again after work.

Suburban Costs

In most moves of this kind, some of the corporate functions remain in the city; perhaps the president, the board of directors and the sales organization. This means added telephone expense, transportation and mail expense. It might even be necessary to run station wagons back and forth hauling supplies. In most cases, it will be difficult to get suitable help to operate the building, and once more premium wages may be necessary. Adding it all up you have increased costs — initially and continuously. This is something the average businessman would not want to jump into, particularly when there are stockholders to please.

The reasons for the growth of cities back in the early 1900's are still true today. The distributive industries are necessarily located where large concentrations of people are, and that means we now have stores and shops both in and outside the central city. I was told by the executive vice president of a large New York department store which has several attractive suburban branches that these branches actually increase

sales in the main store in New York. When people open charge accounts in the local branches, they are told that the accounts will, of course, be honored in New York. Many of these charge account customers then go to the main store when in the city and use the charge account facilities while there. Because many of these people never before shopped in the New York store, it has helped to swell sales in the central location.

Chicago Experience

And so the distributive industries still favor the city. Manufacturing is unchanged. Plants are still locating in cities, in the suburbs and in small towns. If you think, however, that the majority are locating in the suburbs, may I point out that during the years 1939-1947 over

three times as many plants located in Chicago as in the metropolitan area outside of the city. The same is probably true in other big cities.

Now what about the service industries? The service industries will continue, in my opinion, to favor the central city. Can you imagine the large accounting firms, the big advertising agencies, the prominent law firms moving out to the periphery? While selling is a part of the distributive industries, can you picture large selling organizations locating in the suburbs? The same is true of many others, including the large installment lending institutions. From the standpoint of cost and all other facts adduced here, it seems completely illogical for general offices of any size to seriously consider leaving the city. Any one who thinks it through will also conclude that if many offices

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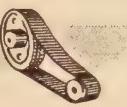
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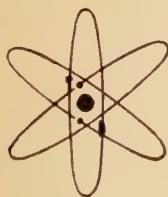
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were to move out, they would eventually be confronted with the same headaches they had in the city. It is naive to think that one can shop in suburban stores and avoid the crowded condition of the city store. If the peripheral stores are not crowded, they are not profitable and hence would not be there.

Taxes in the country will also go up if many firms move out, for it is inevitable that expanded municipal service must be provided sooner or later. Traffic congestion likewise is bound to follow the crowd. You can alleviate it, but I have yet to see how you can abolish it.

We have to admit, however, that regardless of cost some concerns will move out. That brings me to this point: we should not be complacent just because the odds favor the central city. Every businessman should not only support but take an active part in movements to solve some of the real problems facing the city today.

First, there are the slums. Many cities that have overgrown their boundaries could get back on the upward trend with redevelopment programs. Other cities with room to grow would be better off without them. It is expensive and it presents many problems, but most experts agree that when we consider the cost of getting rid of slums we should also consider the far higher costs of putting up with them.

Next should be traffic relief. Most authorities on highways and traffic problems agree that the bulk of our traffic has its origin and destination within the metropolitan areas and that our toughest problem is to provide facilities through rather than between cities. By-passing cities is not the answer.

Traffic Problem

We need more parkways, throughways, and express highways. After you correct these arterial deficiencies, we still have the problem of parking in the city, parking for the all-day worker and parking for the transient shopper and others making business calls. New York City has estimated that between \$60 and \$100 million will, before long, be required to provide adequate off-street parking.

City officials realize that no such capital sum can be obtained direct-

ly from the city by ordinary appropriation or by sale of municipal bonds backed by general city credit. Therefore, it is felt that the bonds of an authority must be sold, secured only by revenues collected by the authority and not backed by public credit. If the success of the Port of New York Authority, the turnpike authorities and other toll systems is any criterion, the plan outlined will be highly successful. Chicago with its proposed underground garages is meeting the issue squarely and will resolve the problem satisfactorily.

City Government

A more forceful and aggressive administration is a prime need of many cities. Re-zoning for business, industry and residence is also necessary. Up-to-date building codes are needed. Cities must be made more attractive as a place to live, as well as to do business. Sound economical city government and sound taxes are fundamental to attracting new business and holding what we have. These are some of the conditions calling for remedy and they cannot be remedied with a let-the-other-fellow-do-it attitude.

I am not alone in my faith in the city of the future. The central city and the suburbs are interdependent. The city needs the population of the suburbs to fill their employment needs and as good customers for its stores. The suburb needs the big city payroll to support its residents and the big city stores to provide the wide selection of merchandise that local stores cannot carry. The suburbs need the ball games, the museums and many other facilities which the city has and which the suburb cannot afford.

The central city is the axis around which the whole metropolitan area revolves. The part to be played by the central city is as permanent as the concrete and steel of which it is built. That is why I have every confidence in the continuing value of our stake in the city of tomorrow.

The foregoing article has been adapted from an address delivered on May 22, 1952, before the National Association of Building Owners and Managers annual convention in Chicago.

Taxes

(Continued from page 15)

ments, or dividends, we still would not have enough to meet the demands of our opportunities. If we are to have new business and growing business, then it must be realized that there is a point beyond which you cannot tax a company and permit it to expand. I think that point is about 50 per cent of its earnings."

Davis estimated that normal and excess profits taxes cut his profit margin on a \$5,000,000 building contract to less than one per cent.

Howard M. James, president of the Tubular Micrometer Company of St. James, Minn., a manufacturer of small hand tools, started his business in October, 1942 with a relatively modest investment. This year he will gross about \$2,500,000. Here is his story:

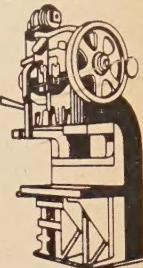
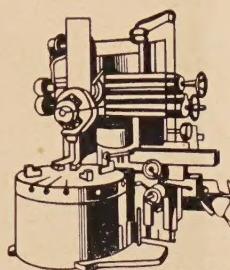
"Under the present scale of defense production, we have more business than we can use." The company wants to expand, but under the present tax structure, according to James, "borrowing is difficult due to the fact that the banks do not anticipate our survival." In addition, Toolmaker James told the Senate committee that during the base period for current taxes his company was in competition with salvage dealers who bought surplus from the War Assets Administration for five to 10 cents on the dollar and resold it at 50 cents.

Other Tax Bites

While the excess profits tax is the greatest burden upon small businessmen, unusually high normal corporation rates contributed to the predicament reported by Donald Gustafson, secretary-treasurer of the Audio Development Company of Minneapolis. The concern started 17 years ago making transformers and filters, enjoyed steady earnings through 1946, and then suffered operating losses from 1947 to 1949.

"During the past year," Gustafson testified, "our inventory has grown from \$180,000 to \$265,000. It will be necessary to liquidate this entire increase in order to meet our in-

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come tax payments when they become due. Therefore, our sales must be substantially reduced. The company has received offers to sell, but it is not our intention to sell out because we feel that the electronic industry has a bright future. It is necessary, however, that we postpone our growth until a reduction in taxes makes it possible to retain a reasonable portion of our earnings."

Other taxes are also creating problems. One mentioned by Raymond D. Trainer, president of the Roller Bearing Company of America at Trenton, N. J., which started in 1919 and now is owned by six brothers, is the inheritance tax. Said Trainer: "Death inevitably forces a substantial cash inheritance tax demand on any small company owner's estate. The small corporation that manages to survive competition and income taxes must raise the cash to meet this inheritance tax, or be liquidated—which is happening at an alarming rate."

Expansion Damper

Each of these personal experiences was duplicated many times in the hearings. The profit figures and the circumstances varied, but the damper on normal expansion created by taxes was the persistent theme of all.

John M. Fox, president of the Minute Maid Corp. of New York, which grew from a small business to the world's third largest frozen food company, had this to say on the importance of the American philosophy of freedom to compete:

"I think that if we had not come along when we did, there would not have been a frozen concentrate industry. We cannot rely on just making big companies bigger, to provide for our nation's economic growth and virility. As companies mature and reach large proportions the law of diminishing returns sets in; they become inflexible, entrenched, conservative, and less willing to take risks."

What is to be done about these complaints? Congress obviously is not going to pass a tax reduction bill this year, with a presidential campaign in progress and members out seeking re-election. It is generally believed, however, that barring some international emergency that would increase the defense

urden, there will be some lowering of taxes next year. And the Senate small business committee is certain to make some very earnest recommendations to the Senate finance committee as a result of what has uncovered.

One effect of the testimony was to open the eyes of some committee members who in the past have supported the labor union theory that corporation taxation is painless taxation. Some of the witnesses argued that excessive taxation, since it cuts down the expansion of business, actually deprives the government of future taxes. As Henry J. Neils, treasurer of the Flour City Ornamental Iron Company, put it in harshy terms at the Minneapolis hearing. "The excess profits tax is just like sterilizing the bull of the herd!"

While the committee will not write its recommendations for some months, members indicate their first suggestion will be that special provision be made to relieve small and new businesses from the excess profits tax in some fashion, perhaps by delaying the levy's effectiveness or by lowering the rate.

A second result may well be a recognition that if the normal corporation tax is too high, it damages the economy. There will be less inclination to dismiss high tax complaints as propaganda for big business. Easing the impact of inheritance taxes is also likely to get attention, perhaps by defining the circumstances under which such a tax could be paid over a period of years sufficient to protect heirs from forced sales to raise cash.

At any rate, small business men have made an impressive case for the kind of tax laws which permit the new concerns to grow in the American tradition.

Trends In Finance and Business

(Continued from page 11)

It was 2.9 per cent. But they will represent a much smaller share of national income than was put into this type of family protection in 1940.

The institute notes that if people put the same amount of their income into life insurance today as

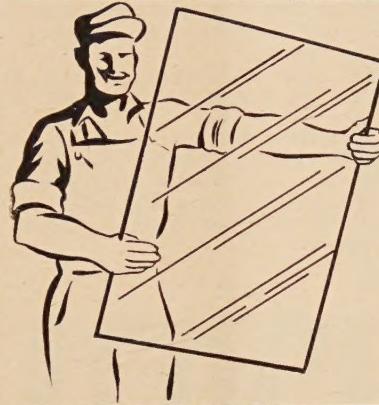
they did in 1940, premiums last year would have been about \$8 billion more than in 1940 instead of only \$3.2 billion more, and total life insurance owned in the U. S. would be nearly \$450 billion instead of \$253 billion.

• **Dividends Rise**—First quarter cash dividends on common stocks listed on the New York Stock Exchange set a new record for the period, the exchange reports, adding that it was the tenth year in a row that first quarter payments

topped the corresponding three months of the preceding year.

First quarter payments by 819 issues amounted to \$1,272,871,000, an increase of 6.6 per cent over the 1951 first quarter. Higher dividends were paid by 236 issues while 61 were lower. A total of 26 companies either omitted payments or changed distribution dates so that they did not fall within the first quarter. The largest percentage gains were in rubber shares, up 40.8 per cent; farm machinery, up 32.8 and aircraft up 27.

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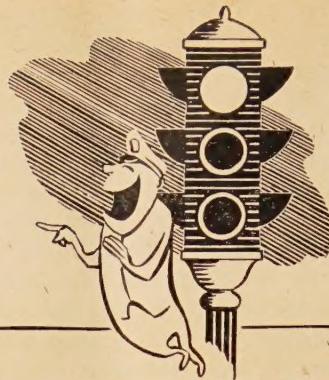
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"How old are you?"

"Forty-five years."

"How could you work 55 years when you are only 45 years old?"

"Over-time."

Teacher: "This makes five times I have punished you this week. Now, Billie, what have you got to say?"

Billie: "I'm glad it's Friday."

A customer astonished at the high price on a new hat, commented.

"Why there's nothing to this hat. Why should it cost so much?"

The saleswoman replied, "Madam, nowadays you must pay for the restraint."

He entered the office of a noted divorce lawyer. "I want to know if I have grounds for a divorce," he said.

"Are you married?" asked the lawyer.

"Of course."

"Then you have grounds."

"Had tough luck in court this morning." "How come?"

"I was fined five dollars for kissing a woman. Then the judge saw her and fined me ten more for being drunk."

An angry little man bounced into the postmaster's office. "For some time now," he shouted, "I've been pestered by threatening letters, and I want something done about it."

"I'm sure we can help," soothed the postmaster. "That's a federal offense. Have you any idea who is sending you these letters?"

"I certainly have," snapped the little man. "They are coming from those pesky income-tax people."

Salesman: "Sonny, is your mother at home?"

Little Boy: "Yes, sir."

Salesman (after knocking in vain): "I thought you said your mother was at home?"

Little Boy: "Yes, sir, but I don't live here."

Jim — "My girl was furious with me."

Jerry — "What's the matter?"

Jim — "I was an hour late and she hasn't been ready for ten minutes."

A farmer had arranged to have his aged mother cared for in a nursing home where he had been visiting her twice a week.

Each time he brought her a special lunch of delicacies from the farm, including a bottle of fresh milk in which slipped a little brandy — on the advice of the family doctor.

The old lady was always delighted with the lunches, and one day, as she sipped the milk, she said gravely: "Oh, John, don't ever sell that cow!"

The husband and wife were having breakfast, the former ensconced behind his newspaper.

"You had a very restless night, dear," said his wife, "and what's more, you kept murmuring a woman's name in your sleep. Now who is Daisy?"

"Oh-er," he stammered, "the fact is, my dear, Daisy is a filly I backed yesterday. It won, 10-to-1, and here is your share. He handed his wife five dollars and hid himself once more behind his newspaper.

In the evening, when he returned from dinner, his wife once more returned to the attack.

"By the way, dear," she said, "you know that horse you backed yesterday?"

"Yes," he grunted.

"Well," she continued, "she telephoned you this afternoon."

Professor: "I forgot my umbrella this morning."

His wife: "When did you realize it was missing?"

Professor: "I missed it when I raised my hand to close it after the rain stopped."

Employer — "Who told you that you could neglect your office duties just because I kissed you once in a while?"

Steno — "My lawyer."

A beautiful Hollywood actress was trying on a dress in the studio wardrobe department. "I don't like that color," commented a designer. "Now if you'd wear a dress to match those stockings, you'd be a sensation."

"I certainly would," replied the actress. "I'm not wearing any stockings."

